Property/Casualty Insurance at a Glance

The property/casualty insurance business early in 1985 comprised nearly 3,500 individual companies which operate in a highly competitive environment. Although about 900 of those companies write most of the business, no single company or group has more than 10 percent of the market.

In 1984, property/casualty insurance companies employed some 472,700 persons, according to government statistics. An additional 770,000 persons were engaged in agency or brokerage operations and insurance service organizations on behalf of the insurance industry as a whole, including the property/casualty, life and accident and health segments.

Operating Results, Property/Casualty Insurers, 1982-1984 (000 omitted from dollar figures)

	1984	1983	1982	% Change 1983-84	% Change 1982-83
Assets	$264,734,722	$249,121,082	$231,692,713	+ 6.3%	+ 7.5%
Net Premiums Written	118,166,311	108,982,808	103,968,221	+ 8.4	+ 4.8
Premiums Earned	114,638,569	106,968,586	102,005,005	+ 7.2	+ 4.9
Losses and Adjustment Expenses Incurred	101,123,299	87,206,936	81,366,925	+ 16.0	+ 7.2
Loss and Loss Adjustment Ratio	88.21%	81.53%	79.77%	+ 8.2	+ 2.2
Underwriting Expenses Incurred	32,995,099	30,935,221	29,045,197	+ 6.7	+ 6.5
Underwriting Expense Ratio	27.92%	28.39%	27.94%	− 1.7	+ 1.6
Combined Ratio (before Dividends to Policyholders)	116.13%	109.91%	107.70%	+ 5.7	+ 2.1
Combined Ratio (after Dividends to Policyholders)	117.96%	111.99%	109.65%	+ 5.3	+ 2.1
Statutory Underwriting Gain (Loss)	($19,378,885)	($11,087,953)	($8,303,039)	+ 74.8*	+ 33.5*
Dividends to Policyholders	2,098,062	2,234,117	1,986,827	− 6.1	+ 12.4
Net Underwriting Gain (Loss)	($21,476,947)	($13,322,070)	($10,289,866)	+ 61.2**	+ 29.5**
Net Investment Income	17,659,729	15,973,234	14,906,655	+ 10.6	+ 7.2
Operating Earnings After Taxes	(2,085,379)	3,869,197	5,332,571	− 153.9	− 27.4
Policyholders' Surplus	63,809,497	65,605,727	60,394,591	− 2.7	+ 8.6
Premium to Surplus Ratio	1.85 to 1	1.66 to 1	1.72 to 1		
Dividends to Stockholders	$ 2,342,572	$ 3,001,185	$ 2,735,173	− 21.9	+ 9.7

*Statutory underwriting loss was 74.8 percent greater in 1984 than in 1983; 33.5 percent greater in 1983 than in 1982.

**Net underwriting loss was 61.2 percent greater in 1984 than in 1983; 29.5 percent greater in 1983 than in 1982.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

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Insurance Facts

1985-86 Property/Casualty Fact Book

Insurance
Information
Institute

110 William Street
New York, N.Y. 10038
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This yearbook is intended to provide some basic facts relating to the property and casualty insurance business for editors, writers, speakers, teachers, students, insurance people and others.

Insurance Facts is published annually by the Insurance Information Institute, an educational, fact-finding and communications organization for the property and casualty insurance business. The Institute is supported by some 300 insurance companies, both stock and mutual, and also provides public relations services to other organizations in the fields of property, liability, fidelity, surety and marine insurance.

The cooperation of other insurance organizations, government agencies and commercial publishers of insurance data has helped to make this yearbook possible. We are particularly grateful to A.M. Best Company, Inc., for making available some of its compilations of insurance statistics; to the National Fire Protection Association for permitting us to publish certain of its copyrighted data concerning fire losses, to the National Safety Council for its cooperation in providing certain accident-related data, and to the Insurance Institute for Highway Safety and the Highway Loss Data Institute for their assistance in preparing automobile data.

Mechlin D. Moore, President
Insurance Information Institute

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1. Scope of the Business

An Overview of Insurance

The business of insurance in the United States is divided into three broad categories: life insurance, health insurance and property and casualty insurance. Altogether it provides more than 2 million jobs and has responsibility for assets which at the end of 1984 totaled more than $985 billion. But its greatest significance in the American economy is as an absorber of personal and business risks.

The property and casualty segment of the insurance business is responsible for assets which at the close of 1984 totaled about $264.7 billion. It provides hundreds of forms of financial protection against virtually every known peril.

Data from U.S. government sources indicate that property and casualty insurance companies employed some 472,700 persons in 1984. Those and other sources estimate that another 770,000 persons were engaged in agency or brokerage operations and insurance service organizations, but do not distinguish between personnel employed in the life insurance or health insurance business and those with responsibilities in the property and casualty field.

As of early 1985, there were nearly 5,600 insurance companies based in the United States and operating under the supervision of regulatory authorities in the various states. Some of these companies sell all lines of insurance; many specialize in one or more fields. Some 3,468 of those companies sell some form of property and casualty insurance, and related lines, including inland marine coverages and surety and fidelity bonds. A vast majority of the business is written by about 900 companies that operate in all or most states.

The property and casualty insurance business plays a major role in keeping the American economy moving. Insurance coverages backstop the extensive commercial and consumer credit system of the nation. Further, surety bonds are required on almost all public works and commercial construction, to protect against loss in the event the contractor fails to fulfill his or her obligations.

In large part because of insurance coverage, Americans—business owners and employees, home owners, and car owners—have more financial protection and a greater sense of security than any people anywhere have ever enjoyed in the history of the world.

Property/Casualty Insurance in 1984-1985: A Review

The property/casualty insurance business sustained its worst losses ever in 1984 and the first half of 1985. Although the business had sustained record underwriting losses in 1983, the results for 1984 were even worse. For the first time, investment income failed to offset underwriting losses, and the result was a pretax operating loss of $3.8 billion. Tax credits and capital gains from the sale of assets enabled the industry to reduce its net after-tax loss to $2.09 billion.

By midyear 1985, however, the business had begun to report a firming of prices and an end to the "soft market" in most lines of insurance. Rising premium volume began to indicate a closing of the gap between claim costs and premium income, and an upturn, finally, in the longest underwriting "down" cycle in the history of the business. Observers generally forecast a return to profitability for the industry in 1986. Property/casualty insurance stocks rose in market value as investors took cognizance of the outlook for increased future earnings.

The net underwriting loss of $21.48 billion in 1984 was attributed primarily to continuation of the "soft market" and underpricing, particularly in commercial lines, combined with record losses from natural disasters and from liability claims and judgments. The underwriting loss exceeded by more than $8 billion the previous record loss of $13.32 billion in 1983. The 1984 underwriting loss represented 18.7 percent of earned premiums of $114.64 billion. This means that for every $100 the industry earned in premiums during the year, it incurred $118.70 in losses and expenses.

Net written premiums of $118.17 billion in 1984 represented an increase of 8.4 percent over the 1983 total. Premium volume continued to increase in the first half of 1985, which was seen as the most positive factor in the outlook for improvement in the industry's financial results.

Investment income, which hitherto had been counted on to provide a margin of earnings which permitted insurers to continue their insurance operations even in the face of significant underwriting deficits, finally was overwhelmed by the underwriting losses. While investment income reached a record high of $17.66 billion in 1984, the figure was less than the underwriting loss of $21.48 billion. The figures are industrywide totals. For some individual companies the results were better; for others, they were worse.

Policyholders' surplus, a gauge of the industry's financial strength, fell 2.7 percent to $63.8 billion.

Impact of Inflation

Inflation remained at moderate levels in 1984, giving insurers an opportunity to begin catching up with the costs of the things for which insurance pays. For the second straight year, for example, the price of automobile insurance increased more than the cost of auto maintenance and repairs. However, the cumulative increase in the cost of auto insurance since 1967 remained considerably below the increase for most of the items it pays for.

The U.S. Department of Labor's Consumer Price Index recorded an average increase of 4.3 percent in the overall cost of living. Auto insurance premiums rose 7.8 percent. Household insurance went up 4.2 percent during 1984.

CPI increases in costs of goods and services related to auto insurance included: auto repairs and maintenance, 3.5 percent; medical care, 6.2 percent; physicians' fee, 7.0 percent; and hospital rooms, 8.3 percent.

On the average, the costs involved in house maintenance and repairs rose 3.7 percent.

Major Sources of Losses

Every year, crime, accidents, fires and natural catastrophes are major sources of losses for the property/casualty insurance business. In 1984:

- The economic cost of motor vehicle accidents was estimated at $69 billion.
- Dollar losses from robberies, burglaries, larcencies and motor vehicle thefts totaled some $9.5 billion.
- Property losses from fires totaled some $7.28 billion, up 15 percent from losses of $6.32 billion in 1983.
- Insured losses from 26 catastrophes—major storms and other incidents causing property damage of more than $5 million -- exceeded $1.5 billion, the third highest total on record.

Congressional Actions

The 99th Congress grappled with a number of issues of concern to the insurance industry. Few had been resolved by adjournment in the summer of 1985, but the agenda was clear.

In May 1985, President Reagan sent his tax reform proposal to Congress. To offset reductions in personal income taxes, the administration proposed raising new revenue from various industries. The plan anticipates collecting as much as $2.5 billion per year in additional federal taxes from property/casualty insurers, primarily by changing the accounting methods used by the insurers. A General Accounting Office study recommended other changes in accounting and taxation.

With the so-called Superfund program, for the cleanup of hazardous waste disposal sites, due to expire in September 1985, Congress devoted considerable time to reviewing pollution liability issues. The insurance industry sought an end to the Superfund law's provision for joint and several liability for cleanup costs, as well as limits on liability for actions that occurred prior to the law's enactment in 1979. Environmentalists sought to give private citizens legal standing to sue to compel cleanups under the law. Bills in both the House and the Senate proposed funding the second five years of the program at levels substantially higher than those sought by the administration.

Efforts to create a federal product liability law continued in the 1984 session. In the 1985 session, however, the nature of the debate changed when the Senate Commerce Committee linked proposed tort reforms with a no-fault victim compensation plan. The legislation remained locked in committee at summer recess time.

There were bills in both houses of Congress designed to close loopholes created by banking deregulation. Some of these loopholes offered a possibility of backdoor entry of banks into the insurance business. Members of Congress generally agreed that these loopholes should be closed, but the Banking Committees of the two houses had divergent views on how this should be done. In 1984, both houses passed banking measures but by recess they had failed to reconcile the conflicting bills.

By contrast, Congress was in agreement on continuation of the Small Business Administration's surety bond guaranty program. That program, which helps provide performance bonds to small contractors, was extended despite President Reagan's efforts to eliminate it and many other SBA programs.

In 1984, Congress directed the Federal Trade Commission to study automobile insurance rates and the adequacy of information provided to consumers. Funding for the study ran out in early 1985 with the project only half-completed, and additional funds did not become available until late in the year.

In June, the American Medical Association began efforts to obtain federal legislation to ease physicians' professional liability problems. Several bills were expected to be introduced by fall, but no action in 1985 was anticipated.

Both houses of Congress held hearings on extension or revision of the Price-Anderson Act, which governs liability for incidents involving the release of radiation from civilian nuclear facilities. The present act expires in 1986.

Drunk Driving

The national campaign against drunk driving continued vigorously in 1984 and 1985. Some form of alcohol countermeasure legislation was introduced during the period in 42 states. These bills included measures such as raising the drinking age in a number of states; increased penalties for drunk driving; lowering the blood alcohol level at which a driver is considered to be intoxicated; banning "happy hours" at bars; authorizing on-the-spot license suspension for evidence of intoxication while driving; authorizing road blocks to check for drunk drivers; and withholding workers' compensation benefits for those injured or killed while driving under the influence of alcohol.

In addition, a number of court cases have established precedents for drunk driving control. Among decisions in 1984 were a U.S. Supreme Court ruling that police do not have to give "Miranda" warnings to drivers detained for traffic violations; an Indiana ruling upholding administrative license suspensions; and a New Jersey ruling that the privilege of doctor-patient confidentiality did not extend to withholding a drunk driving suspect's blood alcohol concentration (BAC) test results from police. A landmark decision by the New Jersey Supreme Court held that a social host was liable for injuries caused by an intoxicated guest. A Massachusetts Supreme Judicial Court ruling held that a municipality could be held liable for failure of its police officers to remove a drunk driver from the road.

Arson

The property/casualty insurance industry provides leadership in the nation's fight against arson. One important weapon in that battle is the arson-reporting immunity laws which now are in effect in all 50 states.

However, the laws vary from state to state, and the insurance industry continues to press for adoption of a uniform model law throughout the country. By 1984 nearly a third of the states had adopted the model law.

In 1984, the U.S. Fire Administration initiated a three-year pilot program designed to reduce the loss of life and property from fire. In the first year, three communities representing an urban, suburban and rural area were selected in each of 10 states. In 1985, another 10 states were added. Each area received $25,000 in federal funding for the program.

Another important tool arson investigators use for sharing information is the Property Insurance Loss Register (PILR), administered by the American Insurance Services Group, Inc. Insurers representing 95 percent of the nation's fire insurance business have entered more than 1.5 million fire loss histories into the PILR computer system.

More than 50 anti-arson and tip award programs now are operating in communities across the country, many of them supported by the insurance business

Occupational Disease

During 1984 and 1985, pressure continued to build for major changes in the workers' compensation system. The focus particularly has been on asbestosis, for which thousands of claims and lawsuits have been filed.

But other occupational ailments, such as illnesses alleged to result from exposure to toxic chemicals, also have claimed their share of attention.

Legislation to establish a federal compensation system for occupational disease was debated in Congress. Insurance industry representatives testified in hearings, however, that existing workers' compensation systems can handle occupational disease claims with appropriate changes in state laws.

For example, insurers generally supported efforts to amend state laws to extend statutes of limitation so as to provide more time for workers to file claims for occupational diseases which may manifest themselves only after a long period.

In 1985, some 50 insurers and manufacturers of asbestos products reached agreement on operation of a nonprofit organization, the Asbestos Claims Facility, to settle asbestosis claims outside of court.

A new asbestos problem which arose was that of liability for the cost of removing existing asbestos, as in ceilings and insulation, from public buildings even though no one might yet have been injured by it. Such costs were estimated to run into many billions of dollars — even more than the claims for personal injuries and illnesses alleged to have been caused by asbestos.

Other new sources of alleged occupational illness or injury were video display terminals (VDTs) used by workers on word processors and office computers, and emotional effects of stress on the job. The Bureau of National Affairs issued a special report, "VDTs in the Workplace: A Study of the Effects of Employment," which includes a discussion of occupational health and safety considerations. The National Institute for Occupational Safety began a study of potental reproductive effects caused by VDT exposure in pregnant women. The National Council on Compensation Insurance (NCCI) released in midyear 1985 a major study on stress-related claims, which the study says now account for 11 percent of all occupational disease claims. The study, "Emotional Stress in the Workplace — New Legal Rights in the Eighties," examines not only the stresses present in the work environment in various occupations, but also an increasingly common subcategory of stress claims involving the structuring of the employment relationship itself — for example, terminations, transfers, demotions, layoffs, changes in duties and supervisory criticism.

A critical issue is whether the present method of setting rates and funding benefits for workers' compensation insurance would be adequate if there were a substantial increase in the number and cost of occupational disease claims. A further problem with occupational disease claims is that of causality. In the case of exposure to harmful substances, for example, scientific cause-and-effect relationships are hard to prove, and symptoms sometimes are difficult to separate from those of the aging process. Such matters remain under study.

Property/Casualty Insurance Companies by State

The property/casualty insurance business in the United States comprised 3,468 individual companies early in 1985, according to information provided by the insurance departments of the various states. About 900 of the 3,468 companies operate in all or most states and among them write a vast majority of the business. The other companies perform vital insurance services limited to people in sharply defined geographical areas or to members of specialized groups, such as farmers.

Home offices of the companies are scattered among the 50 states and the District of Columbia. Thirty-two states house 30 or more companies each. The state with the greatest number of domestic insurers is Illinois, with 289, followed by Texas with 220, Iowa with 205 and New York with 202.

The number of property/casualty insurance company home offices in each state is listed below.

Property/Casualty Insurance Companies by State, 1984

State	Home Offices	State	Home Offices
Alabama	27	Missouri	190
Alaska	10	Montana	17
Arizona	19	Nebraska	80
Arkansas	26	Nevada	3
California	141	New Hampshire	33
Colorado	45	New Jersey	56
Connecticut	49	New Mexico	7
Delaware	109	New York	202
District of Columbia	13	North Carolina	66
Florida	61	North Dakota	40
Georgia	37	Ohio	153
Hawaii	15	Oklahoma	61
Idaho	14	Oregon	18
Illinois	289	Pennsylvania	194
Indiana	113	Rhode Island	21
Iowa	205	South Carolina	34
Kansas	35	South Dakota	54
Kentucky	33	Tennessee	46
Louisiana	35	Texas	220
Maine	22	Utah	25
Maryland	26	Vermont	36
Massachusetts	51	Virginia	43
Michigan	58	Washington	29
Minnesota	184	West Virginia	18
Mississippi	11	Wisconsin	193
		Wyoming	1

Source: State Insurance Departments.

Employment in Insurance

Employment in all segments of the insurance business in the United States increased by about 2 percent from 1983 to 1984. The number of persons employed by companies in the property/casualty sector rose by less than one-half of 1 percent.

Data compiled by the Bureau of Labor Statistics of the U.S. Department of Labor show that employment by insurance companies rose from 1,233,700 in 1983 to 1,247,800 in 1984. The number of agents, brokers and service personnel in all segments of the insurance business rose by about 3 percent, according to government data adjusted to take into account estimates by the American Council of Life Insurance of additional agents and staff personnel. The Bureau of Labor Statistics accounted for 509,000 agents, brokers and service personnel in 1984; the ACLI an additional 261,000.

Since 1976, employment among property/casualty companies has risen by 18 percent, from 399,400 to 472,700.

Separate data compiled by the Equal Opportunity Employment Commission show that:

- Members of minority groups constituted 17.7 percent of insurance personnel in 1983, up from 10.7 percent in 1970 and 17.6 percent in 1982.
- Women constituted about 65 percent of the insurance industry work force in 1983, slightly higher than in 1982 but up from 55 percent in 1970.
- Some 30.4 percent of the employees classified as insurance officials or managers in 1983 were women, who held only 10.8 percent of such positions in 1970 and 28.7 percent in 1982.
- Women comprised 46.3 percent of all professional employees in insurance in 1983 (up from 16.9 percent in 1970 and 44.8 percent in 1982) and 66 percent of insurance technicians (up from 38.4 percent in 1970 and 65.2 percent in 1982).

Employment in Insurance, 1976-1984 (Annual Averages)

Year	Property/Casualty Companies	Other Companies	Agents, Brokers & Service Personnel*	All-Industry*
1976	399,400	701,900	350,900	1,452,200
1977	425,300	715,600	372,200	1,513,100
1978	446,900	726,700	592,600	1,766,200
1979	467,600	732,200	625,100	1,824,900
1980	477,100	747,000	652,300	1,876,400
1981	478,000	758,900	665,600	1,902,500
1982	478,500	758,800	744,200	1,981,500
1983	470,800	762,900	744,900	1,978,600
1984	472,700	775,100	770,000	2,017,800

*1978-1984 figures from the Bureau of Labor Statistics have been adjusted to account for American Council of Life Insurance estimates of additional independent agents and staff personnel.

Sources: Bureau of Labor Statistics, U.S. Department of Labor; American Council of Life Insurance.

Ownership of Insurance

More than nine of every 10 American home owners — but only three out of 10 renters — carry household insurance to protect themselves against potentially disastrous financial losses. This was among the findings of a countrywide survey conducted for the Insurance Information Institute by Cambridge Reports, Inc., in April 1984.

The study found that about two of every three Americans own either a house (66 percent) or a condominium (1 percent) and that three out of 10 rent either a house or an apartment.

While 93 percent of all home owners said they have insurance on their homes and possessions, some 65 percent of the renters said they do not have tenant's insurance, with cost given most frequently as the reason. Ownership of renter's insurance is highest among college graduates and families with incomes of $35,000 or more.

Most of the insured respondents were aware that they had protection against losses by fire and theft. Nearly 90 percent of the homeowners but only 54 percent of the insured renters said their basic policies include liability coverages. Although flood insurance is not generally included in homeowners and renter's policies, nearly half of the home owners and 35 percent of the renters believed their policies included that coverage.

The survey also showed that an overwhelming majority of Americans believe it is important to have protection against lawsuits by persons injured while in their homes. Three out of four persons consider $100,000 of liability insurance as at least somewhat adequate coverage, although almost two out of three said a minimum-cost million-dollar umbrella liability policy would be important for their families' protection.

Respondents to the 1984 survey were not asked whether they carry automobile insurance. However, an I.I.I. study three years earlier indicated that some 92 percent of all car owners have that protection.

Insurance Coverages Reported by U.S. Households, 1984

	% of Public	Have Insurance %	Don't Have Insurance %	Not Sure %
Home Owners	67%	93%	4%	3%
Renters	29	28	65	8

Source: Insurancce Information Institute.

Policy Understanding: Kinds of Losses Insured Persons Say They Are Covered Against, 1984

	Fire Damage To House or Contents* %	Flood Damage To House or Contents* %	Theft of Personal Possessions %	Lawsuits %
Home Owners	98%	48%	91%	87%
Renters	95	35	90	54

*With renters, these questions related only to household contents.

Source: Insurance Information Institute.

The World Insurance Market

The United States accounted for nearly 48 percent of the total as the world's insurance premium volume, excluding Eastern Bloc countries, reached some $474 billion in 1983. The data were compiled by the Swiss Reinsurance Company, which said the figure was about 1.7 percent higher than that of 1982. The company said the modesty of the growth was due primarily to exchange losses when converting currency of other nations into higher-valued U.S. dollars.

The report covers 55 countries which have total premium volume of at least $100 million each and which together account for about 99 percent of the world insurance market.

The United States' 48.1 percent share of the total market — up from 47.6 percent in 1982 — was greater than that of the next 20 leading nations combined. The United States retained in 1983 the world leadership in terms of the economic significance of the insurance industry measured in terms of its relationship to the gross national product (GNP). The nation's premiums as a percentage of GNP stood at 6.90 in 1983, with Ireland in second place at 6.84 and Switzerland third at 6.56.

On a premium-per-capita basis, Switzerland held its place as the world leader at $975.80. The United States was second at $972.30 per capita, followed by Canada at $641.60.

Overall, in 1983, the non-life insurance business, which includes property/casualty and accident and health, accounted for $273 billion, or 57.6 percent, of the world premium volume. Life insurance accounted for some $201 billion, or 42.4 percent.

The Swiss Reinsurance Company noted that growth in non-life business in 1983 was only 2.2 percent, a repeat of the rate of increase recorded in 1982 and far lower than the average annual growth of some 12 percent over the last two decades. Apart from foreign exchange rate fluctuations, the company observed, the slowdown in 1982 and 1983 was attributable to "recessive phases in various important industrial countries." The United States accounted for 53.9 percent of the world's non-life insurance business.

Premium volume in life insurance was up only 1 percent worldwide in 1983, as compared with an increase of 5.4 percent in the preceding year. During the period 1970-1980 the annual growth rate in life insurance had averaged some 15 percent.

Nevertheless, in 13 nations (Great Britain, Ireland, Switzerland, Finland, Japan, South Africa, South Korea, India, Taiwan, Philippines, Thailand, Chile and Zimbabwe) life insurance constituted more than half of the total insurance market in 1983. In Japan, life insurance accounted for more than 70 percent of total insurance premiums and for 24.4 percent of all life insurance purchased in the free world.

Overall, in 1983, Japan continued to strengthen its position as a major insurance market. Japan's share of the total market (non-life and life combined) had stood at less than 5 percent as recently as 1965, rose to some 13.4 percent in 1982 and climbed to more than 14.7 percent in 1983 — second to the United States' share of 48.1 percent. A breakdown of the world premium volume by economic area is shown in the first table below.

Swiss Re noted that the estimated world premium volume of $474 billion in 1983 is exclusive of an estimated $6 billion in premiums written by offshore (captive) companies.

The second table below lists the 10 leading insurance countries in 1983, based on total premium volume from direct domestic business of all national and foreign insurers.

World Premium Volume by Economic Area* in Billions of U.S. Dollars and Percentages, 1982-1983

	Amount		World Share (%)					
			1983			1982		
Region	1983	1982	Total	Non-Life	Life	Total	Non-Life	Life
North America	$244.0	$237.9	51.5%	57.5%	43.3%	51.0%	55.6%	45.0%
European Community**	103.3	109.4	21.8	22.2	21.3	23.5	24.7	21.9
Rest of Europe	19.8	20.5	4.2	4.3	4.0	4.4	4.7	4.0
Japan	69.8	62.6	14.7	7.6	24.4	13.4	6.9	22.1
Oceania	9.3	9.3	2.0	2.3	1.5	2.0	2.2	1.7
Other Countries	27.8	26.4	5.8	6.1	5.5	5.7	5.9	5.3
World Total	$474.0	$466.0#	100.0	100.0	100.0	100.0	100.0	100.0

*Excluding Eastern Bloc countries.

**West Germany, Great Britain, France, Netherlands, Italy, Belgium, Denmark, Ireland, Greece, Luxembourg.

#Individual figures do not add up to total because of the effects of rounding.

Source: Sigma, Swiss Reinsurance Company (April 1984; April 1985).

The World's Leading Insurance Countries in 1983 (Premiums in Millions of U.S. Dollars)

Position	Country	Non-Life Premiums	Life Premiums	Total Premiums	Percentage of Total World Premiums
1	United States	$147,184	$80,809	$227,993	48.10%
2	Japan	20,727	49,106	69,833	14.73
3	West Germany	20,835	15,018	35,853	7.56
4	Great Britain	11,607	16,280	27,887	5.88
5	France	13,802	5,402	19,204	4.05
6	Canada	9,677	6,306	15,983	3.37
7	Australia	5,867	2,560	8,427	1.78
8	Italy	6,341	890	7,231	1.53
9	Netherlands	3,771	3,048	6,819	1.44
10	Switzerland	3,096	3,229	6,325	1.33

Source: Sigma, Swiss Reinsurance Company (April 1985).

2. Dollars and Cents of the Business

Net Premiums Written by Line

Total premiums written by insurance companies in 1984 in the United States for all types of insurance totaled more than $248.9 billion.

Purchases of property and casualty insurance increased about 8.4 percent in 1984. Net premiums written by property and casualty companies totaled more than $118 billion in 1984.

Approximate premium totals for principal property, liability and allied lines of insurance in 1983 and 1984 are tabulated below, along with the percentage of change in premium volume in each of those lines in 1984.

Net Premiums Written by Line, 1983-1984*

	1984	1983	% Change
Auto Liability, Pvt. Passenger	$ 24,809,382,000	$ 23,343,939,000	+ 6.3%
Auto Liability, Commercial	5,407,281,000	4,736,128,000	+ 14.2
Total Auto Liability	30,216,663,000	28,080,067,000	+ 7.6
Auto Physical Damage, Pvt. Passenger	18,497,769,000	16,974,304,000	+ 9.0
Auto Physical Damage, Commercial	3,268,035,000	2,773,199,000	+ 17.8
Total Auto Physical Damage	21,765,804,000	19,747,503,000	+ 10.2
Total Automobile	51,982,467,000	47,827,570,000	+ 8.7
Medical Malpractice	1,774,754,000	1,568,001,000	+ 13.2
General Liability	6,479,268,000	5,679,295,000	+ 14.1
Total Liability (other than auto)	8,254,022,000	7,247,296,000	+ 13.9
Fire Insurance and Allied Lines**	4,852,645,000	4,608,304,000	+ 5.3
Homeowners Multiple Peril	13,212,762,000	12,511,830,000	+ 5.6
Farmowners Multiple Peril	729,153,000	691,553,000	+ 5.4
Commercial Multiple Peril	8,286,962,000	7,292,720,000	+ 13.6
Workers' Compensation	15,107,292,000	14,005,293,000	+ 7.9
Inland Marine	3,017,099,000	2,649,461,000	+ 13.9
Ocean Marine	1,155,131,000	1,096,231,000	+ 5.4
Surety and Fidelity	1,996,653,000	1,648,849,000	+ 21.1
Burglary and Theft	109,005,000	105,825,000	+ 3.0
Boiler and Machinery	439,108,000	355,861,000	+ 23.4
Glass	27,842,000	27,092,000	+ 2.8
Aircraft	393,287,000	301,584,000	+ 30.4
Accident and Health	3,836,695,000	4,347,760,000	− 11.8
Other Lines	4,766,188,000	4,265,579,000	+ 11.7
Total, All Lines	$118,166,311,000	$108,982,808,000	+ 8.4

*Net premiums written represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured.

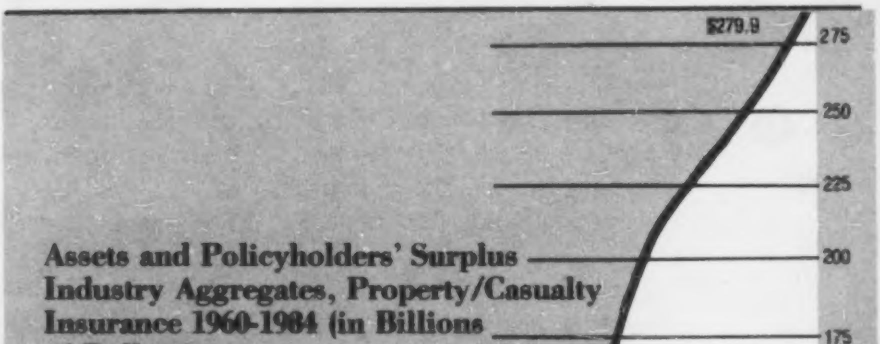
**Allied lines data include crop-hail insurance premiums, reported separately on Page 28.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Assets and Policyholders' Surplus

An idea of the strength and reliability of the property and casualty companies may be gained from a review of their assets and policyholders' surplus. The surplus is the sum remaining after liabilities are deducted from assets, and includes such sums as paid-in capital and special voluntary reserves. It provides additional financial protection to policyholders in the event of unexpected or catastrophic losses.

Traditionally, assets and policyholders' surplus have been reported in terms of aggregate totals, with the result that the industrywide figures have included some duplications because of interownerships within company groups. Since these figures have been reported consistently on the same basis, however, they provide a clear reflection of historical trends. The graph below, based on aggregate rather than consolidated figures, shows that while both the industry's assets and the policyholders' surplus account have been climbing steadily with some fluctuations, liabilities have been increasing at a greater rate than surplus.



Assets and Policyholders' Surplus Industry Aggregates, Property/Casualty Insurance 1960-1984 (in Billions of Dollars)

Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Consolidated totals, computed by eliminating interownerships, provide a more accurate picture of the industry's financial position. The table below reflects a decrease of 2.7 percent in policyholders' surplus from 1983 to 1984 (the first decline since 1974), but an increase of 80.4 percent since 1978. Assets, up 6.3 percent in 1984, have risen by some 77.6 percent since 1978. Most of these assets are invested in government, industrial and utility bonds, high grade stocks and to some extent in the real estate which the companies use for their own offices.

Consolidated Assets and Policyholders' Surplus 1978-1984

	Assets	Annual % Change	Policyholders' Surplus	Annual % Change
1978	$149,067,273,952		$35,378,833,175	
1979	174,227,367,482	+ 16.9	42,456,100,830	+ 20.0
1980	197,660,784,250	+ 13.4	52,196,380,693	+ 22.9
1981	212,302,741,594	+ 7.4	53,804,788,612	+ 3.1
1982	231,692,712,528	+ 9.1	60,394,591,263	+ 12.2
1983	249,121,082,570	+ 7.5	65,605,727,424	+ 8.6
1984	264,734,721,825	+ 6.3	63,809,497,216	− 2.7

Source: Best's Aggregates & Averages.

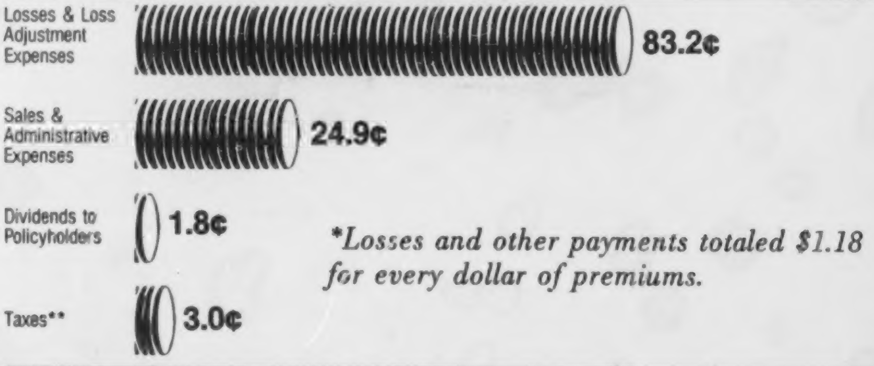
Where the Premium Dollar Goes

Losses and the expenses involved in adjusting claims accounted for more than 83 cents of every premium dollar taken in by property and casualty insurers in 1984. The overall cost of underwriting operations in 1984 amounted to the equivalent of $1.18 for every dollar in premiums, although the underwriting operations are intended to yield a reasonable profit.

Even in unprofitable years, some companies pay dividends to commercial policyholders that reflect their favorable loss experience, or dividends that reflect the total loss experience of certain lines of insurance.

Where the Premium Dollar Goes

Experience of the Property/Casualty Insurance Business in 1984*



**Losses and other payments totaled $1.18 for every dollar of premiums.*

**Excluding federal and foreign income and real estate taxes.

Source: A.M. Best Company, Inc.

Operating Results, Property/Casualty Insurers

Profits and losses of property and casualty insurance companies, particularly in recent years, have been subject to greater fluctuations than those of such other industries as banks, utilities and industrial companies. Separate analyses show that:

- The property/casualty business during the last quarter-century has recorded a net underwriting loss, after policyholders' dividends, of more than $65 billion. The industry has shown profits on underwriting operations in only eight of the last 25 years (Table I).
- Investments of capital and surplus accounts, together with money set aside as loss reserves and unearned premium reserves, have generated income in those 25 years (Table II), thus permitting companies to continue their insurance operations despite the frequent underwriting deficits.

However, in 1984, income from investments fell more than $3.8 billion short of offsetting record losses from underwriting operations. While investment income was up 10.6 percent to a new high of $17.66 billion, the industry's net underwriting loss spiraled by 61.2 percent to $21.5 billion. It was the sixth consecutive year of worsening underwriting results and the fourth straight year of record underwriting losses.

I — Underwriting Results
Property/Casualty Insurance Business, 1960-1984

Year	Statutory Underwriting Gain/Loss	Policyholder Dividends	Net Underwriting Gain/Loss
1960	$ 462,366,550	$ 312,538,826	$ 149,827,724
1961	482,088,786	317,267,523	164,821,263
1962	343,667,196	297,153,061	46,514,135
1963	−165,513,560	342,918,102	−508,431,662
1964	−325,722,907	346,383,390	−672,106,297
1965	−352,262,883	357,266,631	−709,529,514
1966	386,926,845	406,801,627	−19,874,782
1967	233,618,824	448,577,105	−254,958,281
1968	−148,223,790	420,525,267	−568,749,057
1969	−529,899,198	518,055,044	−1,047,954,242
1970	77,776,245	503,557,640	−425,781,395
1971	1,381,800,492	555,628,714	826,171,778
1972	1,797,933,814	736,282,724	1,061,651,090
1973	791,761,321	785,697,875	6,063,446
1974	−1,878,371,405	766,526,721	−2,644,898,126
1975	−3,593,959,232	632,838,443	−4,226,797,675
1976	−1,558,551,291	630,100,279	−2,188,651,570
1977	1,926,315,435	814,512,866	1,111,802,569
1978	2,548,142,724	1,251,810,856	1,296,331,868
1979	23,605,762	1,324,377,487	−1,300,771,725
1980	−1,712,423,071	1,621,544,714	−3,333,967,785
1981	−4,463,887,604	1,823,748,383	−6,287,635,987
1982	−8,303,039,432	1,986,826,602	−10,289,866,034
1983	−11,087,953,340	2,234,116,716	−13,322,070,056
1984	−19,378,885,074	2,098,061,695	−21,476,946,769

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

II — Investment Income, Property/Casualty Insurers*, 1960-1984

1960	$ 767,895,538	**1972**	$ 2,799,737,168
1961	813,163,277	**1973**	3,325,344,488
1962	883,630,622	**1974**	3,832,669,322
1963	947,022,329	**1975**	4,150,203,882
1964	1,031,931,888	**1976**	4,805,938,998
1965	1,131,625,619	**1977**	5,815,788,033
1966	1,217,979,544	**1978**	7,289,554,007
1967	1,351,764,288	**1979**	9,279,235,043
1968	1,511,509,149	**1980**	11,063,492,131
1969	1,711,806,360	**1981**	13,248,494,833
1970	2,005,080,766	**1982**	14,906,655,340
1971	2,421,495,267	**1983**	15,973,234,243
		1984	17,659,728,807

*Industrywide investment income, less investment expenses, before taxes. Figures for years prior to 1977 are aggregates and include some duplications because of interownerships within company groups. Totals from 1977 through 1984 have been consolidated to eliminate such duplications. Aggregate investment income figures for all years were used in the development of the second and third charts on Page 21 in order to provide a consistent reflection of historical trends.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

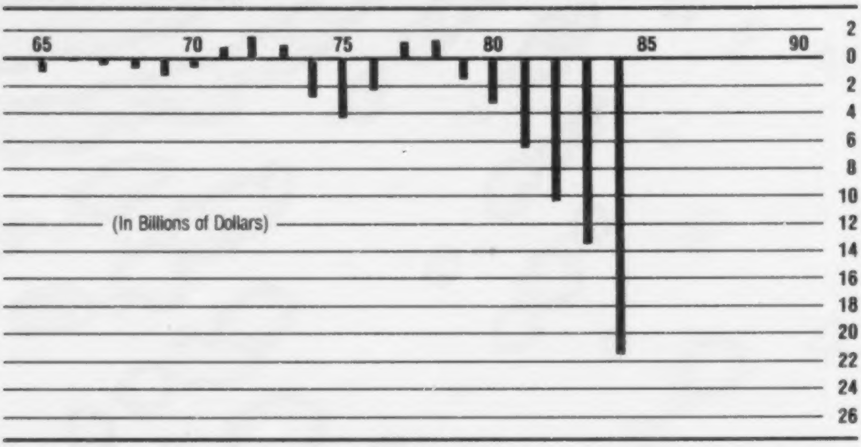
III — Combined Net Income* Before Taxes, Property/Casualty Insurers, 1960-1984

1960	$ 917,723,312	**1972**	$ 3,861,388,258
1961	977,984,540	**1973**	3,331,407,934
1962	930,144,757	**1974**	1,187,771,196
1963	438,590,367	**1975**	76,593,793
1964	359,825,591	**1976**	2,617,287,428
1965	422,096,105	**1977**	6,927,590,602
1966	1,198,104,762	**1978**	8,585,885,875
1967	1,096,806,007	**1979**	7,978,463,318
1968	942,760,092	**1980**	7,729,524,346
1969	663,852,118	**1981**	6,960,858,846
1970	1,579,299,371	**1982**	4,616,789,306
1971	3,247,667,045	**1983**	2,651,164,187
		1984	−3,817,217,962

*Includes both underwriting gains or losses and investment income.

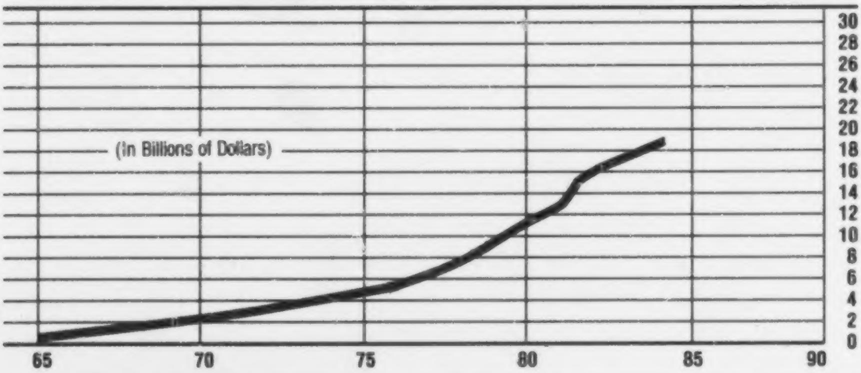
Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Underwriting Gains/Losses After Policyholder Dividends Property/Casualty Insurance Business, 1965-1984



Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

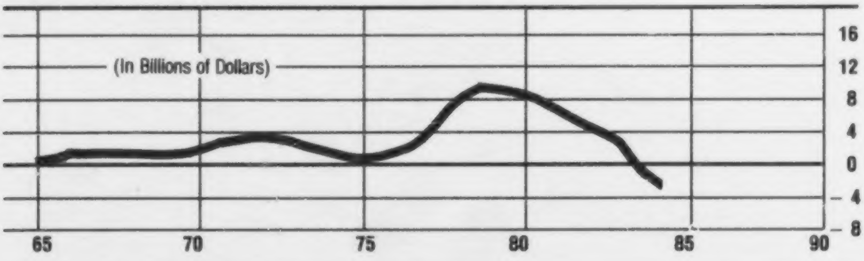
Investment Income, Property/Casualty Insurers*, 1965-1984



*Industry aggregates less investment expenses; before taxes.

Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Combined Net Income* Before Taxes, Property/Casualty Insurers, 1965-1984



*Includes both underwriting gains or losses and aggregate investment income.

Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Profitability, Insurance and Other Industries

The highly competitive nature of the property/casualty insurance business generally has held its profitability over the years below the average of all U.S. industries, although in some years it has outperformed other industries, including those which are financially oriented.

In 1982, 1983 and 1984, the rate of return on net worth in the insurance industry went below 10 percent; in 1985, it dropped below 3 percent. Generally, the return on net worth of the property/ casualty insurance business has been considerably less stable over the years than those recorded by other industries.

The table below compares the average annual rates of return of property/casualty insurers, diversified financial companies as a group, banks, utilities, transportation and all industries combined. The diversified financial group is composed largely of companies engaged in property and casualty insurance with or without life insurance and other financial services.

The insurance data are shown on two bases. The first figures shown are on the basis of Generally Accepted Accounting Principles (GAAP). Most U.S. industries use GAAP accounting, and thus the data on this basis are more directly comparable to those of other industries. However, the figures are only estimates because many insurance companies, particularly mutuals, do not report their data on the GAAP basis.

The second column on property/casualty insurance shows the rate of return on the statutory accounting basis. Statutory accounting is the accounting system that practically all insurance companies use in reporting to state regulators. In general, it is a more conservative system of accounting than GAAP.

Average Annual Rates of Return on Net Income After Taxes as Percent of Net Worth, Selected Industries

	Property/Casualty Insurance						
Year	GAAP Accounting	Statutory Accounting	Diversified Financial	Banks	Utilities	Transportation	All* Industries
1975	2.4%	2.7%	8.9%	12.1%	9.9%	3.7%	11.6%
1976	10.0	8.9	12.1	11.5	10.6	8.8	13.3
1977	19.0	21.3	16.7	11.6	11.1	10.1	13.5
1978	18.1	20.5	17.3	12.9	11.3	13.3	14.3
1979	15.5	17.4	17.5	14.1	12.0	13.2	15.9
1980	13.1	14.7	14.0	13.4	11.7	11.3	14.4
1981	11.8	13.3	11.4	13.0	12.7	13.3	13.8
1982	8.8	9.3	10.0	12.0	12.5	7.9	10.9
1983	8.3	9.1	11.7	12.5	13.3	11.6	10.7
1984	1.8	1.7	8.3	12.8	13.4	12.9	13.6
Average: **1975-84**	10.9%	11.9%	12.8%	12.6%	11.9%	10.6%	13.2%

*Median for Fortune 500 U.S. Industrial Corporations.

Sources: Property/casualty insurance data: GAAP accounting basis, Insurance Services Office. Statutory accounting rate of return calculated by Insurance Information Institute, based on A.M. Best data. All other industry figures based on Fortune Magazine data, rates of return are figure averages, except for All Industries, which is the median.

Investments of Property/Casualty Insurers

Investments of property/casualty insurance companies totaled $195 billion in 1984. Investments represented almost 74 percent of total assets. Assets not considered investments include such items as cash, office equipment and supplies.

Fixed income securities continue to dominate the investment portfolios, with special revenue bonds accounting for 30 percent of the industry's invested assets in 1984. Special revenue bonds include those issued by hospitals and colleges for expansion of facilities as well as those issued for various public works programs, toll bridges and highways.

The last decade has seen significant fluctuations in the make up of insurers' investment portfolios. Overall, the portion of those portfolios invested in bonds jumped from 59.56 percent in 1973 to 69.05 percent in 1975, and stood at 73.38 in 1984. Holdings of common stocks dropped from 26.32 percent in 1975 to 19.67 percent in 1984.

Funds used by property/casualty companies for investments are generally derived from three major sources: policyholders' surplus, unearned premium reserves and loss reserves. The companies maintain the bulk of their funds in investments that can be sold readily—stocks and bonds, rather than general real estate—so that prompt payment of claims in the event of a catastrophe is assured.

Investments of Property/Casualty Insurers

	% in 1984	% in 1980	% in 1975
Bonds	**73.38**	**73.72**	**69.05**
U.S. Government	18.01	11.06	10.34
Other Government	.79	.87	.51
State, Municipal, etc.	12.01	14.75	18.10
Special Revenue, etc.	30.05	33.73	24.87
Railroad	.28	.31	.37
Utility	3.38	3.50	4.53
Miscellaneous	7.71	9.06	9.78
Parent, Subs., Affiliates	.26	.44	.55
Common Stock	**19.67**	**20.13**	**26.32**
Railroad	.11	.13	.04
Utility	1.65	1.61	2.03
Bank	—	.91	1.17
Insurance	—	.78	.26
Bank and Insurance*	1.47	—	—
Miscellaneous	10.30	12.08	10.92
Parent, Subs., Affiliates	6.14	4.63	11.90
Preferred Stock	**4.71**	**4.96**	**3.95**
Railroad	.06	.05	.03
Utility	2.91	3.43	3.14
Bank	—	.11	.02
Insurance	—	.03	.01
Bank and Insurance*	.40	—	—
Miscellaneous	1.23	1.29	.65
Parent, Subs., Affiliates	.11	.05	.10
Other	**2.25**	**1.19**	**.67**
Mortgages	1.36	.60	.28
Collateral Loans	.05	.06	.06
Other Invested Assets	.84	.53	.33

*Separate break-out of bank and insurance items no longer available as of 1983.

NOTE: Sums of individual items may not add up to totals because of the effects of rounding.

Source: A.M. Best Company, Inc.

Net Premiums Written, 1975-1984

Total net premiums written by property and casualty companies have risen from about $50 billion in 1975 to more than $118 billion in 1984. Accident and health premiums accounted for $3.84 billion of the total premiums written in 1984 by property and casualty insurers.

Total Net Premiums Written by Property and Casualty Insurance Companies, 1975-1984 (000 omitted)

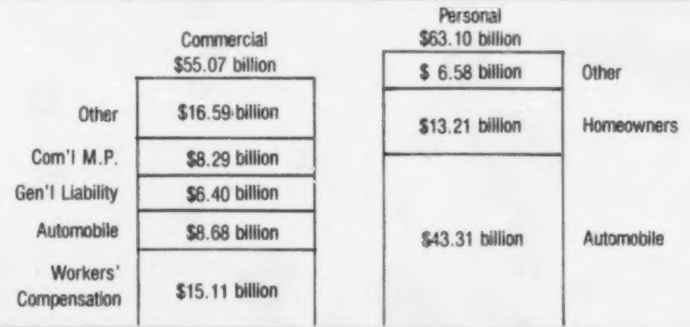
Year	Accident and Health	All Other	Total	Annual % Change
1975	$1,820,412	$ 48,146,153	$ 49,966,565	
1976	2,120,152	58,693,166	60,813,318	+21.7
1977	2,316,734	70,080,195	72,396,929	+19.0
1978	2,627,884	79,062,047	81,689,931	+12.8
1979	3,179,250	86,943,369	90,122,619	+10.3
1980	3,290,764	92,388,785	95,568,749	+ 6.0
1981	3,585,113	95,690,462	99,275,575	+ 3.9
1982	4,306,651	99,661,570	103,968,221	+ 4.7
1983	4,347,760	104,635,048	108,982,808	+ 4.8
1984	3,836,695	114,329,616	118,166,311	+ 8.4

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Who Pays the Premium Dollar?

Purchases by individuals and their families accounted for approximately 53.4 percent of the $118 billion in net premiums written by property and casualty insurers in the United States in 1984. Premiums paid by commercial purchasers amounted to about $55.07 billion with the heaviest concentrations in workers' compensation, automotive coverages, general liability and commercial multiple peril "package" policies. Estimates of the amount of premiums paid by commercial and individual insurance purchasers are shown below.

Purchases of Property and Casualty Insurance, 1984



Source: Insurance Information Institute, based on data provided by A.M. Best Company.

Automobile Insurance

In the face of continually climbing medical, legal and automobile repair costs, a vast majority of America's 157 million motorists are recognizing the prudence of purchasing automobile insurance to protect themselves against financial hardship resulting from motor vehicle accidents.

Auto insurance, in fact, is by far the largest single classification of the property/casualty insurance business. The premium volume of nearly $52 billion recorded in 1984 was 8.7 percent higher than that of the previous year and was more than double that of 1976, only eight years earlier. Auto insurance in 1984 accounted for about 44 percent of the total premium volume written by property/casualty insurers.

Automobile liability insurance comprised more than 58 percent of all auto insurance purchases in 1984. The possession of auto liability insurance has become a virtual necessity for most motorists, both for their own financial protection and to enable them to meet the requirements of financial responsibility laws and/or compulsory auto insurance laws of their states (see Page 103).

Auto insurance is purchased primarily by individuals or family groups. In 1984, only 15.7 percent of all automobile insurance was purchased by industrial and other commercial buyers. From 1983 to 1984, however, the premium volume rose by some 7.4 percent for private passenger insurance but increased by some 15.5 percent for the commercial auto lines.

While some companies recorded at least modest profits, the industry as a whole suffered an underwriting loss of more than $6.1 billion on the auto insurance lines in 1984. The commercial lines accounted for about 43.5 percent of that deficit. Overall, the auto insurance business has been in the red in eight of the last 10 years.

The worst losses have been in the area of commercial liability. The combined ratio for that line in 1984 was 142.4, meaning that for every premium dollar paid in, insurance companies' expenses and losses totaled $1.42.

Automobile Liability Insurance, 1975-1984

	Private Passenger			Commercial		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$10,775,475,000		109.3	$2,539,220,000		107.5
1976	12,899,103,000	+19.7%	104.6	3,152,478,000	+24.2%	103.0
1977	15,085,260,000	+16.9	98.8	3,892,498,000	+23.5	98.4
1978	16,047,775,000	+ 6.4	98.3	4,335,232,000	+11.4	99.3
1979	17,385,444,000	+ 8.3	100.8	4,716,903,000	+ 8.8	104.4
1980	18,590,373,000	+ 6.9	102.6	4,728,913,000	+ 0.3	109.0
1981	19,649,912,000	+ 5.7	106.9	4,745,262,000	+ 0.3	117.5
1982	21,487,468,000	+ 9.4	110.1	4,738,978,000	− 0.1	125.6
1983	23,343,939,000	+ 8.6	111.0	4,736,128,000	− 0.1	132.0
1984	24,809,382,000	+ 6.3	112.8	5,407,281,000	+14.2	142.4

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Automobile Physical Damage Insurance, 1975-1984

	Private Passenger			Commercial		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$6,385,762,000		114.0	$1,237,178,000		106.6
1976	7,987,437,000	+25.1%	104.9	1,577,822,000	+27.5%	95.9
1977	9,605,041,000	+20.3	92.1	1,946,717,000	+23.4	88.0
1978	10,540,718,000	+ 9.7	95.9	2,294,195,000	+17.8	89.5
1979	11,909,408,000	+13.0	100.3	2,628,293,000	+14.6	93.6
1980	13,086,150,000	+ 9.9	96.6	2,746,853,000	+ 4.5	95.9
1981	14,033,870,000	+ 7.2	98.6	2,713,919,000	− 1.2	99.8
1982	15,292,070,000	+ 9.0	101.4	2,713,417,000	− 0.0	106.0
1983	16,974,304,000	+11.0	96.3	2,773,199,000	+ 2.2	105.9
1984	16,497,769,000	+ 9.0	100.6	3,268,035,000	+17.8	110.9

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Fire Insurance and Allied Lines

With fire insurance coverage sold widely as part of the popular homeowners and commercial multiple peril policies, premium volume from fire insurance policies increased in 1984 for the first time in five years. The premium volume for allied lines, which includes crop-hail insurance as well as coverage against windstorm, earthquake and other perils, rose by 3.6 percent.

Both fire insurance, normally a profitable line, and the allied lines showed deficits in 1984 for the second year in a row.

Fire Insurance and Allied Lines, 1975-1984

	Fire Insurance			Allied Lines**		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$2,510,230,000		95.9	$1,180,946,000		92.8
1976	2,810,538,000	+12.0%	92.3	1,2[illegible]1,270,000	+ 9.3%	84.6
1977	3,057,800,000	+ 8.8	90.1	1,442,158,000	+11.7	78.8
1978	3,223,389,000	+ 5.4	88.8	1,451,979,000	+ 0.7	89.9
1979	3,246,495,000	+ 0.7	94.3	1,534,155,000	+ 5.7	100.7
1980	3,209,955,000	− 1.1	97.7	1,573,940,000	+ 2.6	103.8
1981	3,192,516,000	− 0.5	97.6	1,624,487,000	+ 3.2	94.6
1982	3,153,523,000	− 1.2	97.4	1,682,885,000	+ 3.6	99.2
1983	3,011,743,000	− 4.5	104.1	1,596,561,000	− 5.1	108.3
1984	3,198,402,000	+ 6.2	111.5	1,654,243,000	+ 3.6	103.5

*Before dividends to policyholders.

**Covers a wide variety of perils, including windstorm, riot, explosion, sprinkler leakage, water damage and earthquakes, also includes crop-hail premiums.

Source: A. M. Best Company, Inc., Best's Aggregates and Averages.

Multiple Peril Insurance

Until the mid-1950s, property owners had to buy a variety of insurance coverages separately in order to obtain full coverage against such perils as fire, windstorm, burglary and theft, and to protect themselves against liability claims. While most property owners purchased fire and extended coverage insurance, many failed to take advantage of other available forms of coverage. It was to help people more adequately safeguard their resources that insurers developed the homeowners, commercial and other "package" policies offering adequate coverage against a variety of perils at a cost lower than the combined costs of the individual coverages.

The success of the package policies has had a pronounced effect on the amount of insurance written on such separate lines as fire and extended coverage, liability (other than auto), burglary and theft, inland marine and glass because of the inclusion of such coverages in the various multiple peril policies.

In recent years, growth in the homeowners and farmowners package policies has leveled out and is now at about the rate of growth in the overall economy. Commercial multi-peril premiums increased by 13.6 percent in 1984 after a four-year period of lackluster growth.

Partly because of a high degree of competition which exists among insurers that market the multiple peril lines, all three lines have been unprofitable in recent years, and the commercial multiple peril line produced consecutive worst-ever results in 1983 and 1984.

Homeowners/Commercial Multiple Peril, 1975-1984

	Homeowners			Commercial		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$ 4,729,381,000		106.2	$3,176,373,000		98.4
1976	5,688,547,000	+20.3%	97.2	4,051,785,000	+25.7%	93.2
1977	6,795,492,000	+19.5	91.6	4,970,508,000	+22.7	86.5
1978	7,792,293,000	+14.7	92.0	5,829,795,000	+17.3	84.1
1979	8,791,661,000	+12.8	98.6	6,666,822,000	+14.4	92.5
1980	9,820,753,000	+11.7	104.9	6,885,159,000	+ 3.3	98.0
1981	10,779,626,000	+ 9.8	101.4	6,869,978,000	− 0.2	106.0
1982	11,746,998,000	+ 9.0	103.5	7,009,385,000	+ 2.0	115.6
1983	12,511,830,000	+ 6.5	103.2	7,292,720,000	+ 4.0	122.6
1984	13,212,762,000	+ 5.6	106.1	8,286,962,000	+13.6	134.5

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Farmowners Multiple Peril, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$259,906,000		113.1
1976	313,114,000	+20.5%	103.0
1977	386,709,000	+23.5	97.4
1978	434,478,000	+12.4	96.1
1979	518,569,000	+19.4	93.2
1980	554,759,000	+ 7.0	112.0
1981	619,889,000	+11.7	111.2
1982	668,991,000	+ 7.9	120.0
1983	691,553,000	+ 3.4	111.4
1984	729,153,000	+ 5.4	119.4

*Before dividends to policyholders.

Source: A. M. Best Company, Inc., Best's Aggregates & Averages.

Crop-Hail insurance

Hail storms, which occur most frequently in the Great Plains states, often destroy hundreds of thousands — even millions — of dollars worth of crops. Crop-hail insurance provides financial protection against damage resulting from hail or other perils.

The crop-hail insurance industry was highly profitable in 1984 for the third consecutive year as premium volume rose by some 14.6 percent. The Crop-Hail Insurance Actuarial Association attributed the increase in premiums to the discontinuance of the U.S. Department of Agriculture's Payment-in-Kind program which previously had idled more than 80 million insurable acres in 28 states.

Leading premium volume states were Iowa, Minnesota, North Dakota and Texas.

The private insurers wrote an additional $260 million in multiple peril crop insurance in 1984, up from $101 million in 1983. Enactment of the Federal Crop Insurance Act of 1980 made it feasible for insurers to offer this "all-risk" coverage because of the availability of reinsurance from the government. However, both private industry and the Federal Crop Insurance Corporation sustained heavy losses on this business in 1984 because of drought and excessive moisture in various parts of the country.

Crop-Hail Insurance, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$311,031,000		96.4
1976	324,150,000	+ 4.2%	93.4
1977	338,963,000	+ 4.6	105.4
1978	349,782,000	+ 3.2	111.1
1979	394,666,000	+12.8	92.4
1980	415,368,000	+ 5.2	133.3
1981	502,503,000	+21.0	102.1
1982	531,570,000	+ 5.8	88.7
1983	443,838,000	−16.5	88.7
1984	508,977,000	+14.6	75.9

*Combined loss ratios are estimates based on expenses reported by members and subscribers of the Crop-Hail Insurance Actuarial Association.

Source: Crop-Hail Insurance Actuarial Association.

General Liability Insurance

General liability insurance provides protection against claims arising from injuries to others, or damage to property of others, and for which the insured person is held responsible because of ownership of property, a manufacturing or contracting operation, the sale or distribution of products, the operation of elevators and the like, as well as professional services. The general liability line does not cover injuries or damages growing out of automobile accidents, which must be insured separately.

Sharp increases in the number of lawsuits and the average size of claims in recent years, particularly against doctors and other professional people and product manufacturers, have helped to generate a continuing need for the financial protection afforded by general liability insurance. Although liability coverage is included in both commercial and homeowners "package" policies, the premium volume for the general liability line alone rose steadily for many years. Underwriting profits in 1977 and 1978, however, created a competitive market which brought down the cost of general liability insurance. This development, in turn, contributed to a slowdown in the premium growth rate in 1978 and 1979 and to a decline in premium volume in each of the next three years. Premiums rose by 14.1 percent in 1984.

This line has been increasingly unprofitable since 1979.

Medical Malpractice: Medical malpractice insurance premiums were included in the general liability totals through 1974, but have been reported separately since that time. A proliferation of insurance claims and lawsuits against hospitals, doctors and other medical practitioners has not only generated a heavy demand for medical malpractice insurance in recent years, but has contributed to increasingly heavy underwriting losses over the last seven years.

Medical malpractice premiums increased by 13.2 percent from 1983 to 1984.

General Liability/Medical Malpractice, 1975-1984

	General Liability			Medical Malpractice		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$3,085,226,000		115.6	$ 895,435,000		117.7
1976	4,251,298,000	+37.8%	106.5	1,132,790,000	+26.5%	109.8
1977	5,845,075,000	+37.9	99.6	1,247,798,000	+10.2	92.9
1978	6,490,064,000	+11.0	96.9	1,215,789,000	− 2.6	102.6
1979	6,612,474,000	+ 1.9	97.6	1,204,326,000	− 0.9	112.6
1980	6,414,678,000	− 3.0	106.6	1,275,603,000	+ 5.9	128.2
1981	6,046,292,000	− 5.7	115.3	1,338,299,000	+ 4.9	135.7
1982	5,668,459,000	− 6.2	128.6	1,490,270,000	+11.4	149.3
1983	5,679,295,000	+ 0.2	137.6	1,568,001,000	+ 5.2	150.1
1984	6,479,268,000	+14.1	151.1	1,774,754,000	+13.2	161.1

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Workers' Compensation Insurance

Workers' compensation insurance is designed to provide for the cost of medical care, rehabilitation and lost wages for injured employees and death benefits for the dependents of persons killed in work-related accidents. The scope of this coverage has broadened considerably in recent years, in large measure because of improvements in state laws to meet performance standards recommended in 1972 by the National Commission on State Workmen's Compensation Laws. Many states have taken action not only to expand benefits but also to make the coverage applicable to classifications of employees not previously covered.

About nine out of ten people in the nation's work force have the protection of workers' compensation insurance, which today is compulsory for nearly all employees in all but three states, New Jersey, South Carolina and Texas. Even in those states, however, most businesses provide the coverage in order to limit their risk of negligence suits.

With the recession of recent years and a continuing high rate of unemployment held to be the main contributing factors, premium growth has been uncharacteristically slow since 1979.

Among the incentives offered to employers by workers' compensation insurers to develop and implement effective safety programs is the practice of returning premium dollars at the end of each year to companies with a favorable loss experience. Workers' compensation insurers account for a large part of the dividends returned to policyholders by property/casualty insurers each year with the result that the line has been generally unprofitable for many years despite combined loss and expense ratios which have been less than 100.0 in five of the last ten years. In 1984 alone, dividends to policyholders amounted to about 9.9 percent of premiums earned by workers' compensation insurers.

Workers' Compensation, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$6,185,943,000		101.1
1976	7,534,249,000	+21.8%	104.2
1977	9,357,399,000	+24.2	103.5
1978	11,300,144,000	+20.8	99.4
1979	13,164,144,000	+16.5	96.4
1980	14,238,247,000	+ 8.2	93.4
1981	14,616,297,000	+ 2.7	94.1
1982	13,945,256,000	− 4.6	94.0
1983	14,005,293,000	+ 0.4	101.9
1984	15,107,292,000	+ 7.9	112.0

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Surety and Fidelity

Surety bonds, including contract, license and permit, court and fiduciary bonds, provide for monetary compensation should there be a failure to perform certain acts — such as the proper fulfillment of a construction contract — within a stated period. Surety bond premiums increased 23 percent in 1984.

Fidelity bonds, a suretyship product, are a form of protection against losses caused by dishonest or fraudulent acts of employees. Although most financial institutions are bonded, fewer than 25 percent of mercantile establishments protect themselves with fidelity bonds. In 1984, the premium volume rose by some 14.6 percent.

Surety and Fidelity, 1975-1984

	Surety			Fidelity		
Year	Premiums Written	Annual % Change	Combined Ratio*	Premiums Written	Annual % Change	Combined Ratio*
1975	$ 566,869,000		122.1	$221,741,000		108.9
1976	587,154,000	+ 3.6%	102.5	247,678,000	+11.7%	105.4
1977	663,083,000	+12.9	96.4	291,114,000	+17.5	110.4
1978	759,480,000	+14.5	96.9	316,703,000	+ 8.8	105.4
1979	805,142,000	+ 6.0	90.8	350,046,000	+10.5	87.9
1980	887,577,000	+10.2	105.7	360,063,000	+ 2.9	93.2
1981	970,498,000	+ 9.3	86.1	380,749,000	+ 5.7	98.9
1982	1,094,117,000	+12.7	89.4	360,041,000	− 5.4	113.5
1983	1,272,198,000	+16.3	87.5	376,651,000	+ 4.6	122.3
1984	1,564,934,000	+23.0	95.6	431,719,000	+14.6	118.4

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Burglary and Theft Insurance

The burglary lines include coverages for loss of property (including money and securities) due to burglary, robbery and larceny, and loss of money and securities due to destruction or disappearance. Much of this coverage is now included in package policies. Premium volume increased slightly in 1984 for the first time in five years.

Burglary and Theft, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$120,083,000		86.9
1976	124,447,000	+3.6%	78.0
1977	129,538,000	+4.1	71.3
1978	132,855,000	+2.6	70.5
1979	140,071,000	+5.4	78.1
1980	135,727,000	−3.1	88.8
1981	127,534,000	−6.0	92.9
1982	114,905,000	−9.9	94.5
1983	105,825,000	−7.9	87.0
1984	109,005,000	+3.0	80.0

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Boiler and Machinery Insurance

This specialized line covers a wide variety of power-producing equipment. Insurance companies place considerable emphasis on inspection and engineering techniques in the interest of safety. The growth of automation in industrial processes and the increased size and sophistication of production facilities have heightened the need for loss-preventive services. The boiler and machinery premium volume jumped by 23.4 percent in 1984 to a record $439 million.

Boiler and Machinery, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$173,169,000		96.2
1976	169,827,000	− 1.9%	93.8
1977	216,772,000	+27.6	87.3
1978	255,873,000	+18.0	84.5
1979	282,795,000	+10.5	87.5
1980	292,624,000	+ 3.5	90.2
1981	298,320,000	+ 1.9	92.4
1982	292,845,000	− 1.8	100.3
1983	355,861,000	+21.5	107.1
1984	439,108,000	+23.4	117.8

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Glass Insurance

Architectural demands, merchandising trends and decorative constructional functions have contributed to an ever-increasing use of glass and a continuing need for glass insurance. With glass coverage included in many of the popular multiple peril package policies, premium volume for glass insurance declined for five consecutive years before showing modest improvement in 1984.

Glass, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$32,155,000		109.7
1976	32,492,000	+ 1.0%	100.5
1977	34,298,000	+ 5.6	95.2
1978	34,951,000	+ 1.9	99.3
1979	33,457,000	− 4.3	103.3
1980	32,248,000	− 3.6	110.3
1981	31,085,000	− 3.6	108.8
1982	28,814,000	− 7.3	105.2
1983	27,092,000	− 6.0	105.3
1984	27,842,000	+ 2.8	87.6

*Before dividends to policyholders.

Source: A.M. Best Company, Best's Aggregates & Averages.

Inland Marine Insurance

Inland marine insurance, originally developed to cover goods in transit by other than ocean vessels, today covers such instruments of transportation as bridges and tunnels as well as personal effects, personal property, jewelry, furs, fine arts and many other properties.

Inland marine premium volume continues to increase each year despite the diversion of personal property coverages to homeowners and other package forms.

Inland Marine, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$1,266,138,000		94.6
1976	1,444,450,000	+14.1%	89.6
1977	1,606,518,000	+11.2	85.7
1978	1,867,189,000	+16.2	86.5
1979	2,061,306,000	+10.4	94.9
1980	2,291,294,000	+11.2	102.1
1981	2,427,692,000	+ 6.0	102.1
1982	2,509,999,000	+ 3.4	102.1
1983	2,649,461,000	+ 5.6	102.8
1984	3,017,099,000	+13.9	106.0

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Ocean Marine Insurance

The American ocean marine hull and cargo market has gradually expanded in volume and capacity. Its growth reflects not only greater international trade but the increase in ownership of pleasure craft along the coastal and inland waterways. Premium volume for ocean marine insurance increased by 5.4 percent in 1984.

Ocean Marine, 1975-1984

Year	Premiums Written	Annual % Change	Combined Ratio*
1975	$ 860,960,000		108.7
1976	902,408,000	+ 4.8%	98.4
1977	971,456,000	+ 7.7	101.2
1978	1,000,203,000	+ 3.0	100.3
1979	1,008,816,000	+ 0.9	108.5
1980	1,064,798,000	+ 5.5	115.0
1981	1,126,766,000	+ 5.8	110.3
1982	1,100,596,000	− 2.3	112.9
1983	1,096,231,000	− 0.4	112.6
1984	1,155,131,000	+ 5.4	112.7

*Before dividends to policyholders.

Source: A.M. Best Company, Inc., Best's Aggregates & Averages.

Nuclear Insurance

Insurance against losses resulting from nuclear accidents is provided by three insurance company groups: the American Nuclear Insurers, the Mutual Atomic Energy Liability Underwriters and the MAERP Reinsurance Association. Coverage against nuclear losses through the pools has been available since 1957.

Together the nuclear pools make available to any nuclear facility:

- Up to $160 million of liability coverage (bodily injury and property damage combined) and $30 million of contingent liability. These coverages provide financial protection for the general public.
- Up to $585 million of insurance to cover damage to the property of nuclear facility operators on an "all-risk" basis.

For both forms of coverage, premium volume has been increasing steadily over the years, although an adjustment in the 1983 total showed that the liability premium total declined by 7.6 percent in that year. An estimated $31.1 million in liability premiums in 1984 represented a rise of 13.6 percent from the 1983 total. Property insurance premiums jumped by 17.4 percent to a record $131.1 million.

A large share of the liability premium income of the pools has been returned to the nuclear facilities annually in the form of refunds. Under a program known as the Industry Credit Rating Plan, approximately 70 percent of liability premium income is placed in a reserve fund used only for loss or loss expense payments. That portion not used during a period of 10 years is refunded to the insureds. More than $5 million was refunded in 1984, bringing to more than $28.9 million the amount returned to the facilities since 1967.

The following table shows the premium income since 1957 for the nuclear insurance domestic liability and property insurance pools.

Nuclear Insurance Premiums, 1957-1984

Year	Liability Premium	% Annual Change, 1977-1984	Property Premium	% Annual Change, 1977-1984
1957-1975	$74,006,812*		$117,094,889*	
1976	15,351,874		25,520,449	
1977	17,532,802	+14.2	28,773,664	+12.7
1978	19,184,000	+ 9.4	30,702,774	+ 6.7
1979	20,316,309	+ 5.9	40,199,176	+30.9
1980	23,002,157	+13.2	61,353,439	+52.6
1981	27,521,486	+19.6	74,263,992	+20.0
1982	30,255,952	+ 9.9	98,826,043	+33.1
1983	27,362,869	− 9.6	111,680,839	+13.0
1984	31,085,079**	+13.6	131,111,214	+17.4

*Represents gross written premium from inception to Nov. 30, 1975.

**Estimated.

Source: American Nuclear Insurers.

Direct Written Premiums by State

Direct premiums written by property and casualty insurance companies in 1984 totaled about $121.9 billion, an increase of 9.7 percent over the 1983 total. Data provided by A.M. Best Company (representing about 98 percent of the nation's total insurance market) provided the basis for the tabulations that follow of premiums by state and by line.

The direct written premium total included $118,994,978,000 in premiums for the various property and casualty coverages and $2,884,140,000 in accident and health insurance premiums.

The totals differ slightly from the premium totals shown elsewhere in Insurance Facts because the tabulations presented here are based on direct premiums written and those used elsewhere are based on net premiums written. Direct written premiums are the amounts actually paid by the policyholders. Net written premiums reflect additional exchanges of premiums among insurance companies which contract, through a process known as reinsurance, to absorb specified portions of each other's losses.

Direct Written Premiums by State, 1984 (000 omitted)

State	All Lines' Total	State	All Lines' Total
Alabama	$ 1,496,034	Montana	$ 399,745
Alaska	466,251	Nebraska	812,046
Arizona	1,508,650	Nevada	477,686
Arkansas	950,338	New Hampshire	593,696
California	16,602,008	New Jersey	4,423,489
Colorado	1,716,275	New Mexico	706,981
Connecticut	2,250,617	New York	10,191,570
Delaware	354,686	North Carolina	2,207,[illegible]77
District of Columbia	420,823	North Dakota	346,577
Florida	5,843,471	Ohio	3,971,700
Georgia	2,641,452	Oklahoma	1,748,355
Hawaii	622,097	Oregon	1,263,546
Idaho	414,430	Pennsylvania	6,124,219
Illinois	5,861,440	Rhode Island	539,642
Indiana	2,157,158	South Carolina	1,361,351
Iowa	1,353,914	South Dakota	302,765
Kansas	1,277,933	Tennessee	1,879,735
Kentucky	1,423,674	Texas	9,442,242
Louisiana	2,499,150	Utah	538,728
Maine	586,440	Vermont	268,556
Maryland	2,342,271	Virginia	2,365,860
Massachusetts	4,011,271	Washington	1,856,430
Michigan	4,649,975	West Virginia	637,857
Minnesota	2,400,952	Wisconsin	1,995,102
Mississippi	1,009,566	Wyoming	225,197
Missouri	2,335,593		
		Countrywide	$121,879,118

Source: A.M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums by Line, 1984 (000 omitted)

State	Pvt. Pass. Automobile Liability	Commercial Automobile Liability	Pvt. Pass. Automobile Phys. Dmg.	Commercial Automobile Phys. Dmg.	Homeowners	Farmowners
Alabama	$ 217,993	$ 69,595	$ 285,104	$ 45,577	$ 223,920	$ 17,455
Alaska	50,711	18,437	49,785	11,863	36,426	16
Arizona	394,198	65,060	237,179	31,620	167,831	3,284
Arkansas	145.548	49,607	153,687	36,821	133,305	7,005
California	3,509,118	598,927	2,403,525	329,046	1,585,009	41,136
Colorado	359,933	75,078	299,381	53,079	201,649	13,705
Connecticut	507,412	110,955	312,415	48,869	255,133	996
Delaware	74,201	16,574	52,609	8,224	33,507	1,601
Dist. of Col.	28,269	15,045	37,430	4,600	28,070	—
Florida	1,423,498	319,442	853,350	142,258	611,237	7,627
Georgia	571,540	144,222	448,428	72.609	303,762	23,161
Hawaii	122,119	30,057	70,405	13,302	47,163	16
Idaho	75,824	19,922	63,345	15,249	39,429	11,795
Illinois	1,038,101	234,107	840,150	130,211	599,331	55,558
Indiana	419,075	111,590	364,417	79,715	310,755	48,289
Iowa	220,390	66,774	178,588	45,613	128,077	28,588
Kansas	214,092	58,331	200,553	46,576	160,638	31,958
Kentucky	245,467	61,576	224,760	43,552	156,471	39,744
Louisiana	463,993	151,343	349,555	66,233	305,220	2,203
Maine	83,456	26,667	78,999	17,908	71,842	1,196
Maryland	663,547	114,177	331,478	49,082	219,410	6,501
Massachusetts	877,876	186,054	736,762	121,066	471,418	807
Michigan	814,661	136,233	979,798	121,109	510,185	44,629
Minnesota	460,215	100,636	279,311	67,573	284,039	26,123
Mississippi	147,774	51,108	170,328	39,009	142,223	602
Missouri	406,267	103,877	395,446	66,312	280,613	34,910
Montana	66,601	23,706	59,335	21,327	41,090	11,466
Nebraska	110,196	38,662	110,622	32,652	83,671	22,851
Nevada	137,449	20,459	82,872	10,727	62,771	1,638
New Hampshire	115,335	29,920	103,866	22,201	76,254	188
New Jersey	890,106	331,897	430,168	145,831	500,840	891
New Mexico	134,261	30,052	113,825	20,713	72,536	4,785
New York	2,167,214	545,243	1,235,518	230,042	1,062,720	10,157
North Carolina	511,241	124,073	392,845	66,029	286,962	17,335
North Dakota	50,173	13,518	49,781	14,637	27,952	14,845
Ohio	949,527	193,278	744,361	122,712	550,242	29,205
Oklahoma	260,969	89,845	286,175	67,122	240,365	25,359
Oregon	283,832	58,416	189,580	36,756	128,425	14,453
Pennsylvania	1,608,468	291,199	808,217	142,401	580,637	16,920
Rhode Island	100,193	24,893	87,512	13,718	67,852	27
South Carolina	342,743	58,207	248,385	33,815	169,550	2,240
South Dakota	43,310	14,500	42,837	14,950	23,329	11,775
Tennessee	345,018	88,855	317,229	50,845	265,793	24,050
Texas	1,541,663	523,340	1,547,609	315,638	990,776	29,361
Utah	106,343	27,043	98,334	20,742	59,426	1,726
Vermont	39,781	14,462	43,453	9,353	37,875	5,639
Virginia	586,522	120,683	376,057	59,210	243,174	11,981
Washington	463,220	85,391	296,129	48,529	244,191	16,351
West Virginia	156,816	30,739	145,911	21,962	82,336	2,803
Wisconsin	384,813	87,399	280,254	57,912	201,462	38,895
Wyoming	33,666	11,381	47,040	11,302	29,960	4,649
Totals	$24,995,679	$5,812,555	$18,534,702	$3,298,204	$13,436,559	$768,497

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums by Line, 1984 (000 omitted)

State	Commercial Multi-Peril	Workers' Compensation	Medical Malpractice	Other Liability	Fire	Allied Lines
Alabama	$ 105,189	$ 178,558	$ 29,148	$ 88,134	$ 52,457	$ 23,149
Alaska	44,234	117,606	4,805	31,904	10,058	3,187
Arizona	127,439	127,484*	42,410	126,458	21,014	19,432
Arkansas	72,622	126,435	10,003	45,313	39,782	27,487
California	1,398,034	3,300,313*	337,514	1,041,322	296,956	169,988
Colorado	155,131	168,558*	15,315	119,687	22,290	32,923
Connecticut	177,304	375,539	51,555	181,731	36,587	20,882
Delaware	19,424	50,269	13,521	24,857	5,537	2,962
Dist. of Col.	32,986	80,816	18,136	48,825	7,815	3,888
Florida	462,884	706,397	103,747	355,025	83,953	61,903
Georgia	176,041	322,267	50,294	139,465	62,249	36,632
Hawaii	41,350	185,414	11,464	35,484	10,940	4,663
Idaho	35,240	60,124*	7,150	21,143	8,990	16,215
Illinois	481,688	748,683	160,194	574,090	101,642	117,547
Indiana	195,948	170,702	22,314	135,945	49,675	35,087
Iowa	101,107	145,470	25,381	116,099	33,689	130,294
Kansas	93,385	141,201	17,356	79,325	27,928	56,928
Kentucky	98,454	199,211	41,433	88,289	35,967	21,410
Louisiana	145,350	360,477	27,404	188,529	75,909	45,543
Maine	42,627	158,895	13,773	28,888	15,521	4,979
Maryland	149,250	370,432*	47,221	139,291	41,996	16,315
Massachusetts	278,053	679,161	11,202	242,677	68,859	28,660
Michigan	342,989	515,097*	106,235	639,365	80,566	29,579
Minnesota	172,759	363,385	42,961	158,645	39,050	115,962
Mississippi	49,229	136,468	12,241	52,597	60,899	34,279
Missouri	182,684	237,876	48,370	160,932	54,503	44,047
Montana	37,265	45,197*	6,323	21,614	8,265	21,242
Nebraska	63,726	89,755	7,945	49,847	19,749	75,266
Nevada	55,373	3,210*	9,429	29,195	8,906	4,969
New Hampshire	45,296	98,557	5,906	35,592	13,653	5,366
New Jersey	409,541	761,135	118,233	364,098	69,472	32,889
New Mexico	54,506	155,109	2,599	38,909	10,446	9,612
New York	1,008,772	863,970*	259,032	960,573	190,409	61,091
North Carolina	128,773	217,857	34,133	103,799	60,626	52,227
North Dakota	25,823	311*	8,479	22,051	9,549	65,192
Ohio	389,666	11,404*	100,755	300,634	100,247	52,392
Oklahoma	127,178	239,502*	21,281	113,501	37,859	41,936
Oregon	104,061	169,078*	26,737	73,032	31,346	18,453
Pennsylvania	435,196	1,039,613*	116,999	449,224	130,491	46,823
Rhode Island	42,768	102,758	2,072	33,397	9,730	4,683
South Carolina	87,220	164,238	4,509	57,148	45,796	25,735
South Dakota	23,231	31,426	6,443	17,330	8,085	28,149
Tennessee	141,034	225,190	41,503	104,498	60,078	21,268
Texas	479,083	1,602,541	75,142	672,036	304,028	235,020
Utah	47,855	44,942*	9,237	29,478	8,327	4,779
Vermont	28,474	36,872	3,973	17,304	8,461	3,000
Virginia	150,115	319,448	41,626	130,909	54,043	26,480
Washington	167,769	23,832*	47,544	126,678	44,003	30,778
West Virginia	45,237	1,830*	19,616	39,294	23,962	5,828
Wisconsin	153,344	352,951	14,512	132,039	36,215	27,693
Wyoming	26,137	4,686*	2,585	16,189	5,218	4,639
Totals	$9,458,846	$16,632,146*	$2,257,760	$8,802,386	$2,643,798	$2,009,454

**Does not include premiums written by state workers' compensation funds.*

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums by Line, 1984 (000 omitted)

State	Inland Marine	Ocean Marine	Surety	Fidelity	Burglary & Theft	Boiler & Machinery
Alabama	$ 48,373	$ 9,794	$ 21,815	$ 6,556	$ 1,407	$ 4,906
Alaska	13,036	7,148	15,999	1,410	135	2,400
Arizona	36,412	2,308	36,269	4,173	809	3,760
Arkansas	37,165	3,294	12,637	4,236	589	3,330
California	489,537	97,561	250,034	48,668	10,602	28,165
Colorado	52,688	1,516	41,004	8,419	1,260	5,463
Connecticut	58,407	14,329	23,691	9,842	2,911	8,988
Delaware	8,480	2,198	15,488	1,360	424	1,508
Dist. of Col.	11,380	1,654	14,369	9,645	729	2,007
Florida	187,555	49,198	135,110	19,911	4,310	15,954
Georgia	92,242	9,562	34,390	9,636	2,593	7,200
Hawaii	9,404	5,771	8,964	2,138	748	1,566
Idaho	13,510	529	5,299	1,127	150	1,499
Illinois	179,285	30,047	79,175	29,875	7,017	22,287
Indiana	55,890	4,823	26,116	8,454	1,787	8,426
Iowa	38,035	1,553	12,449	6,060	1,110	5,059
Kansas	41,471	1,128	22,897	5,776	918	3,189
Kentucky	47,714	6,319	21,041	5,714	908	6,704
Louisiana	77,772	72,311	39,328	8,132	1,641	12,661
Maine	12,905	5,570	3,747	2,019	447	2,850
Maryland	55,462	11,457	28,457	7,824	2,112	8,439
Massachusetts	89,981	36,777	56,268	12,679	3,042	13,744
Michigan	99,435	17,521	31,393	16,115	2,988	13,010
Minnesota	63,649	12,328	36,316	11,912	2,196	9,176
Mississippi	38,170	3,757	12,148	4,450	1,206	3,008
Missouri	71,200	27,914	33,376	11,843	2,705	10,500
Montana	10,083	320	9,770	1,679	196	1,216
Nebraska	32,109	3,249	11,048	3,833	845	3,732
Nevada	12,664	696	13,805	1,588	715	1,794
New Hampshire	12,825	2,775	4,190	1,773	456	2,133
New Jersey	118,451	21,663	59,008	16,853	5,263	16,013
New Mexico	17,246	740	12,023	2,271	254	1,913
New York	330,879	456,986	239,734	71,324	16,044	30,987
North Carolina	67,526	8,577	21,901	6,661	1,967	8,658
North Dakota	9,600	139	8,214	1,407	272	2,188
Ohio	126,561	15,166	49,591	16,538	6,732	18,592
Oklahoma	66,879	4,494	30,000	7,066	1,197	7,046
Oregon	36,098	14,663	21,543	3,737	1,019	5,650
Pennsylvania	128,991	19,123	73,927	22,063	5,468	22,544
Rhode Island	21,393	4,940	5,071	1,734	440	1,940
South Carolina	36,861	4,623	19,281	3,940	894	4,325
South Dakota	8,802	78	4,189	1,611	248	840
Tennessee	54,190	5,486	26,605	9,133	1,503	6,424
Texas	348,454	116,392	156,718	38,336	6,669	24,126
Utah	15,840	792	17,639	2,928	343	1,643
Vermont	6,391	740	2,618	788	187	1,047
Virginia	63,634	12,616	34,034	8,182	2,122	10,194
Washington	65,970	52,660	37,687	10,338	1,665	8,252
West Virginia	16,634	1,426	9,887	3,062	659	2,077
Wisconsin	49,149	4,917	16,190	10,326	2,787	12,805
Wyoming	7,741	109	8,664	823	115	474
Totals	$3,594,131	$1,189,828	$1,911,118	$505,963	$112,803	$402,409

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Direct Written Premiums by Line, 1984 (000 omitted)

State	Glass	Aircraft	Earthquake	Credit	Accident & Health	Miscellaneous
Alabama	$ 198	$ 6,364	$ 151	$ 2,217	$ 37,257	$ 20,716
Alaska	9	19,028	1,718	7,266	3,860	15,212
Arizona	460	11,602	484	520	28,352	20,153
Arkansas	201	6,540	544	620	20,079	13,489
California	4,259	84,798	83,134	12,392	256,654	225,047
Colorado	453	13,081	893	1,958	43,107	29,701
Connecticut	293	13,402	502	1,399	9,619	27,859
Delaware	72	1,647	95	711	15,008	4,409
Dist. of Col.	49	6,158	43	109	32,925	5,874
Florida	811	37,633	528	3,867	139,554	117,619
Georgia	216	17,963	425	4,493	65,089	46,881
Hawaii	205	3,364	351	—	8,455	8,752
Idaho	101	4,042	173	307	8.820	4,447
Illinois	2,200	34,644	1,902	5,088	321,715	66,902
Indiana	537	8,091	554	2.186	74,734	22,046
Iowa	500	4,656	428	725	48,816	14,452
Kansas	501	13,026	268	728	42,232	17,528
Kentucky	214	4,551	965	699	25,845	46,766
Louisiana	280	19,577	325	3,257	41,243	39,864
Maine	71	1,584	87	262	6,544	5,603
Maryland	279	4,935	262	4,677	34,034	35,633
Massachusetts	971	7,055	1,095	5,519	42,059	39,485
Michigan	836	23,365	506	4,498	85,067	34,798
Minnesota	410	15,536	937	3,448	104,746	29,640
Mississippi	187	4,052	381	804	30,937	13,709
Missouri	515	15,672	3,456	2,058	102,500	38,017
Montana	155	2,940	112	181	7,155	2,504
Nebraska	226	4,526	164	42	33,455	13,874
Nevada	295	5,125	451	274	8,561	4,722
New Hampshire	93	1,805	136	609	9,454	5,311
New Jersey	1,031	17,188	885	4,625	64,092	43,315
New Mexico	154	3,896	188	1.265	12,044	9,634
New York	2,135	39,592	1,990	18,604	294,362	94,193
North Carolina	300	10,576	497	5,102	44,876	35,036
North Dakota	85	1,978	36	107	17,445	2,794
Ohio	1,036	18,107	1,442	6,441	108,973	58,098
Oklahoma	500	10,794	308	491	40,397	28,092
Oregon	525	11,203	1,049	1,708	19,665	12,518
Pennsylvania	895	17,101	657	4,604	102,465	60,461
Rhode Island	59	911	222	592	5,974	6,767
South Carolina	153	4,021	1,316	683	22,278	23,391
South Dakota	117	1,372	23	91	18,624	1,404
Tennessee	178	7,153	1,229	2,396	53,703	26,375
Texas	1,639	74,013	1,685	6,684	168,620	182,668
Utah	136	7,399	532	335	24,997	7,932
Vermont	39	748	46	101	4,878	2,325
Virginia	406	7,459	370	1,554	47,037	58,004
Washington	825	14,638	2,546	677	28,062	38,694
West Virginia	252	2,478	80	528	15.156	9,285
Wisconsin	515	7,864	185	2,112	97,878	22,888
Wyoming	139	2,211	56	182	4,740	2,491
Totals	$26,986	$657,463	$116,513	$129,796	$2,884,140	$1,697,379

Source: A. M. Best Company, Inc., Best's Executive Data Service.

Premium Taxes

Insurance companies—including life, health and property/casualty companies—paid more than $3.97 billion in premium taxes to the 50 states and the District of Columbia in 1984—an increase of about 2.6 percent over the 1983 total. Approximately 47 percent of this amount was paid by property/casualty companies.

Premium taxes are taxes imposed on gross premiums or adjusted gross premiums, and as such amount to an additional form of taxation on policyholders. Additional payments are made to states for licenses and fees, property taxes, sales and use taxes, unemployment compensation taxes, and in a few states, income and franchise taxes. Premium taxes accounted for about 2 percent of all taxes collected by the states during 1984.

The Bureau of the Census said the broad category of sales and gross receipts taxes was by far the largest source of state tax revenue in fiscal 1984, accounting for 48.7 percent of all state tax collections in that year. Individual income taxes, at 30 percent, were the second largest source.

Premium Taxes by State, 1984

Alabama	$ 80,626,000	Missouri	$ 88,921,000
Alaska	16,172,000	Montana	19,516,000
Arizona	49,369,000	Nebraska	28,312,000
Arkansas	37,336,000	Nevada	30,462,000
California	457,367,000	New Hampshire	17,097,000
Colorado	40,142,000	New Jersey	112,696,000
Connecticut	82,272,000	New Mexico	30,593,000
Delaware	15,660,000	New York	247,089,000
District of Columbia	18,246,000	North Carolina	105,888,000
Florida	149,767,000	North Dakota	10,058,000
Georgia	81,314,000	Ohio	159,311,000
Hawaii	27,529,000	Oklahoma	100,307,000
Idaho	17,895,000	Oregon	36,657,000
Illinois	102,892,000	Pennsylvania	187,066,000
Indiana	66,267,000	Rhode Island	16,444,000
Iowa	52,338,000	South Carolina	62,098,000
Kansas	46,548,000	South Dakota	15,620,000
Kentucky	95,477,000	Tennessee	76,813,000
Louisiana	121,369,000	Texas	362,460,000
Maine	17,532,000	Utah	24,569,000
Maryland	73,570,000	Vermont	8,173,000
Massachusetts	134,937,000	Virginia	97,014,000
Michigan	99,241,000	Washington	56,456,000
Minnesota	70,781,000	West Virginia	37,780,000
Mississippi	48,936,000	Wisconsin	49,288,000
		Wyoming	7,693,000
		Total	$3,973,688,000

Source: Bureau of the Census, U.S. Department of Commerce.

Insurance Guaranty Funds

All 50 states, the District of Columbia and Puerto Rico have established procedures under which solvent property and casualty insurance companies absorb losses of claimants against insolvent insurers. New York for many years has had a pre-assessment fund law which requires the permanent maintenance of an insolvency fund (to which companies contribute) with a statutory $200 million ceiling. The other jurisdictions have set up insurance guaranty associations through which solvent companies pay assessments as needed, on a proportionate basis.

From the inception of the post-assessment funds in 1969 through December 1984, the associations have collected $527,784,672 from insurers to cover 104 property and casualty insurance company insolvencies, including 20 in 1984. Of that total, more than $134.5 million has been refunded to the companies.

The figures do not include assessments made under New York's pre-assessment insolvency fund nor payments made by individual companies under the insolvency provision of the uninsured motorist endorsement to auto insurance policies. They also do not take into consideration recoupments available in some states through premium tax offsets and policyholder surcharges.

Guaranty Fund Assessments by State, 1969-1984 (000 omitted)

State	Amount Collected	Amount Refunded	Net Assessments	State	Amount Collected	Amount Refunded	Net Assessments
Ala.	$ 2,632	$ 0	$ 2,632	Neb.	$ 3,394	$ 1,735	$ 1,659
Alaska	2,359	1,147	1,212	Nev.	5,104	1,911	3,192
Ariz.	3,553	0	3,553	N. H.	1,200	316	885
Ark.	1,238	0	1,238	N. J.	13,497	12,479	1,019
Calif.	132,860	32,792	100,067	N. M.	900	0	900
Colo.	2,623	1,207	1,415	N. Y.	*	*	*
Conn.	4,393	3,731	662	N. C.	1,008	709	299
Del.	294	0	294	N. D.	7	0	7
D.C.	301	41	260	Ohio	10,860	5,878	4,982
Fla.	124,777	6,876	117,901	Okla.	197	0	197
Ga.	8,037	4,834	3,202	Ore.	1,599	0	1,599
Hawaii	11,262	0	11,262	Pa.	31,475	5,792	25,684
Idaho	833	46	787	P. R.	32,968	16,926	16,042
Ill.	27,700	7,766	19,934	R. I.	1,623	520	1,104
Ind.	1,840	595	1,245	S. C.	1,137	423	714
Iowa	5,194	450	4,743	S. D.	167	0	167
Kan.	1,348	72	1,275	Tenn.	850	280	570
Ky.	3,265	662	2,603	Texas	10,442	0	10,442
La.	5,831	3,500	2,331	Utah	120	0	120
Maine	1,341	71	1,270	Vt.	1,185	0	1.185
Md.	3,851	1,090	2,761	Va.	629	0	629
Mass.	17,234	7,151	10,082	Wash.	2,839	292	2,546
Mich.	17,918	6,918	11,000	W. Va.	1,809	307	1,502
Minn.	13,388	6,031	7,356	Wis.	5,439	682	4,756
Miss.	1,829	192	1,638	Wyo.	128	41	86
Mo.	2,223	849	1,373				
Mont.	1,085	258	828	Total	$527,785	$134,575	$393,210

*New York has a pre-assessment fund.

Source: National Committee on Insurance Guaranty Funds.

3. Shared Market

The Automobile Shared Market

The insurance industry has established mechanisms in every state to provide automobile insurance for drivers who, for whatever reason, are unable to obtain coverage in the voluntary market. The first of the shared market mechanisms was established in New Hampshire in 1938. Today, all 50 states and the District of Columbia use one of four systems to guarantee the availability of auto insurance.

- Automobile Insurance Plan—Auto insurance applicants unable to obtain coverage in the competitive market are distributed to insurance companies in proportion to the amount of business each insurer writes voluntarily in the state. Each insurer services the policyholders as it services other customers.
- Joint Underwriting Association—JUAs are pooling mechanisms where all companies share in the profits and losses as well as expenses incurred. Agents submit applications to several companies which have agreed to issue and service policies.
- Reinsurance Facility—Under this pooling system, each auto insurer is required to provide coverage and service the claims for any applicant, but is permitted to transfer a percentage of its policies to the facility. Profits or losses are shared by all insurers licensed in the state.
- State Fund—Maryland established a state funded mechanism in 1973. Private insurers don't participate directly in the Maryland Automobile Insurance Fund, but are required by law to subsidize any losses from the operation, with the cost being charged back against their own policyholders.

Although only a small percentage of cars is insured through the shared market (5.9 percent in 1982), many of the mechanisms have been loss producers for a number of years. The Automobile Insurance Plans Service Office (AIPSO), which gathers statistics and provides services for most of the jurisdictions, estimated that total shared market underwriting losses in 1982, the latest year for which data were available, exceeded $1.1 billion. AIPSO placed shared market underwriting deficits at nearly $5.8 billion for the 10-year period 1973-1982.

AIPSO data reflect decreases from 1983 to 1984 in the numbers of cars insured through the shared market mechanisms of 36 states. The number of cars insured through plans nationwide declined by 1 percent in 1984, after a 10.2 percent decline in 1983. State by state data are tabulated on the next page.

Private Passenger Cars Insured Through the Shared Market Mechanisms (Written Car Years)

State	Insured in Shared Market, 1984	Insured in Shared Market, 1983	% Change 1983-84
Alabama	4,964	5,075	− 2.2%
Alaska	1,150	1,310	− 12.2
Arizona	112	119	− 6.0
Arkansas	1,840	2,093	− 12.0
California	157,106	124,317	+ 26.3
Colorado	321	466	− 31.0
Connecticut	106,444	134,313	− 21.0
Delaware	11,902	13,709	− 13.0
District of Columbia	4,992	3,869	+ 29.0
Florida	50,258	83,026	− 39.4
Georgia	13,380	22,369	− 40.0
Hawaii	2,285	1,950	+ 17.1
Idaho	221	242	− 9.0
Illinois	2,328	3,606	− 35.0
Indiana	645	1,170	− 45.0
Iowa	615	736	− 16.0
Kansas	16,659	22,633	− 26.4
Kentucky	19,763	18,643	+ 6.0
Louisiana	18,178	33,848	− 46.3
Maine	4,221	4,754	− 11.2
Maryland	43,319	56,472	− 23.3
Massachusetts	1,395,000*	1,394,320	+ 0.0
Michigan	106,557	100,441	+ 6.0
Minnesota	3,424	4,092	− 16.3
Mississippi	7,034	7,720	− 9.0
Missouri	2,322	3,556	− 35.0
Montana	180	214	− 16.0
Nebraska	308	449	− 31.4
Nevada	144	153	− 6.0
New Hampshire	116,077*	111,079	+ 4.5
New Jersey	1,470,301	1,452,714	+ 1.2
New Mexico	957	548	+ 75.0
New York	814,616	792,989	+ 3.0
North Carolina	717,852*	755,634	− 5.0
North Dakota	298	532	− 44.0
Ohio	528	757	− 30.0
Oklahoma	2,866	1,502	+ 91.0
Oregon	247	273	− 9.6
Pennsylvania	86,090	123,851	− 30.4
Rhode Island	28,262	29,933	− 6.0
South Carolina	322,555	288,530	+ 12.0
South Dakota	355	317	+ 12.0
Tennessee	12,202	17,701	− 31.0
Texas	201,912	159,439	+ 27.0
Utah	29	13	+123.0
Vermont	3,735	5,299	− 30.0
Virginia	69,057	92,169	− 25.0
Washington	3,404	6,113	− 44.0
West Virginia	3,398	5,322	− 36.1
Wisconsin	958	1,416	− 32.3
Wyoming	419	535	− 22.0
Countrywide	5,831,810	5,892,331	− 1.0%

*Estimated.

Source: Automobile Insurance Plans Service Office.

Insurance Through FAIR and Windstorm Plans

The standard insurance market continued in 1984 to attract business away from the special Fair Access to Insurance Requirements (FAIR) Plans which provide insurance to many property owners in inner city and other high-risk areas in 26 states, the District of Columbia and Puerto Rico. The insurance industry-operated FAIR Plans first came into existence in the late 1960s to make property insurance coverages more readily available to property owners who often had difficulty obtaining insurance because of abnormal exposure to threatening hazards over which they had no control.

The Property Insurance Plans Service Office, which provides administrative services to the plans, reported that the 27 jurisdictions from which data were available issued 710,696 policies in 1984, about 9 percent fewer than in the preceding year. New applicants accounted for only 15.8 percent of the policies issued.

A 15 percent decline in commercial business accounted for most of a 5 percent drop in written premium volume, to $149.1 million from $156.8 million in 1983. Residential premiums were marginally higher in 1984 than in the preceding year. The plans sustained statutory underwriting losses of about $47.5 million in 1984, an increase of 4.7 percent over the 1983 deficit.

At the end of 1984, the 26 plans from which such data were available were providing about $30.1 billion of coverage.

Beach and windstorm plans, which operate in seven states along the Atlantic and Gulf Coasts where vulnerability to severe windstorm damage is especially high, recorded increased activity in 1984. The number of policies issued was up about 5.4 percent, and the $7.9 billion of insurance in force at year end was more than 23 percent greater than the total at the end of 1983. The seven plans collectively recorded a statutory underwriting gain of about 3.4 million in 1984 after a loss of some $147 million in 1983.

Insurance Provided by FAIR Plans

Jurisdiction	Applications, 1984 New	Applications, 1984 Renewal	Binders or Policies Issued, 1984 New	Binders or Policies Issued, 1984 Renewal	Insurance in Force 12/31/84 (000 omitted)
California	32,553	88,313	13,811	87,017	$12,471,581
Connecticut	1,727	4,876	817	4,160	238,042
Delaware	1,085	2,405	525	2,009	46,493
District of Columbia	1,537	5,398	842	5,038	363,491
Georgia	2,007	3,065	967	2,968	135,305
Illinois	9,491	36,763	2,793	22,584	749,237
Indiana	496	2,137	247	2,035	51,897
Iowa	298	784	163	774	18,597
Kansas	4,093	7,214	2,777	6,638	155,923
Kentucky	2,756	4,626	2,395	9,394	145,850

Jurisdiction	Applications, 1984		Binders or Policies Issued, 1984		Insurance in Force 12/31/84 (000 omitted)
	New	Renewal	New	Renewal	
Louisiana	496	1,914	181	1,766	$ 53,187
Maryland	3,777	14,265	1,775	12,361	236,994
Massachusetts	16,148	49,052	10,271	50,957	1,739,831
Michigan	34,769	138,760	30,900	123,520	5,761,824
Minnesota	570	858	255	713	38,649
Missouri	8,891	21,293	2,938	20,510	356,658
New Jersey	13,037	53,809	7,342	50,051	1,832,418
New Mexico	897	1,823	770	1,556	75,430
New York	17,982	79,944	10,646	79,944	2,928,552
North Carolina	2,892	8,366	1,277	8,039	232,115
Ohio	4,597	14,432	3,160	14,312	275,649
Oregon	736	2,928	543	2,928	*
Pennsylvania	27,099	79,658	11,133	64,225	1,468,800
Puerto Rico	*	*	*	*	*
Rhode Island	3,453	9,158	2,380	7,873	245,413
Virginia	3,692	10,256	2,101	9,527	256,612
Washington	53	524	22	518	33,362
Wisconsin	3,683	9,408	1,265	6,983	202,397
Totals	198,815	652,029	112,296	598,400	$30,114,307

*Not available.

Source: Property Insurance Plans Service Office.

Insurance Provided by Beach and Windstorm Plans

State	Applications, 1984		Binders or Policies Issued, 1984		Insurance in Force 12/31/84 (000 omitted)
	New	Renewal	New	Renewal	
Alabama	540	2,155	410	2,152	$ 114,941
Florida	9,892	36,344	7,498	36,344	3,659,013
Louisiana	1,346	*	1,131	6,180	181,441
Mississippi	1,013	4,552	916	4,461	121,837
North Carolina	1,616	5,291	1,190	4,971	313,593
South Carolina	603	3,672	550	3,610	313,211
Texas	57,408	+	38,272	+	3,170,037
Totals	72,418	52,014	49,967	57,718	$7,874,073

*Not available.

+ Included with New.

Source: Property Insurance Plans Service Office.

4. Government Insurance Programs

Flood Insurance in the United States

Insurance against flood and mudslide losses is available to property owners in every state, Puerto Rico, Guam and the Virgin Islands under a program established by the Flood Disaster Protection Act of 1973. The program was developed jointly by the insurance business and the Federal Insurance Administration (FIA), and has been administered by the FIA for several years. However, the program was opened late in 1983 to private insurers under a procedure providing for government reimbursement of losses not covered by premiums and income derived from the investment of those premiums.

Some 200 private insurers are participating in the arrangement, known as the "Write Your Own" National Flood Insurance program.

In the 12 months from Dec. 31, 1983, to Dec. 31, 1984, the number of government-issued flood insurance policies in force declined by about 11.8 percent from 1,906,868 to 1,680,952, and the amount of coverage in force under those policies dropped by 6.1 percent from $113.1 billion to $106.1 billion. However, according to the FIA, the number of "Write Your Own" policies in effect as of Dec. 31, 1984, numbered 174,184, with the amount of insurance in force under those policies projected at more than $13.1 billion.

An estimated 20,000 locations across the country are considered to be flood-prone. Under the Flood Disaster Protection Act, communities which are formally notified of their eligibility by the FIA have 12 months in which to agree to participate in the program and to take steps to minimize future flood damage. Residents of flood-prone communities which fail to participate and property owners who fail to purchase available flood insurance are ineligible for federal flood disaster assistance. Some 17,703 communities had qualified for the coverage as of Dec. 31, 1984.

Flood Insurance Provided Through the National Flood Insurance Program*

		Policies in Force			Insurance in Force (000 omitted)		
State	No. of Communities	Dwelling	Business and Other	Total	Dwelling	Business and Other	Total**
Alabama	268	11,607	1,992	13,599	$ 521,823	$ 163,719	$ 685,543
Alaska	20	2,537	138	2,675	141,705	17,123	158,828
Arizona	85	20,606	1,920	22,526	1,061,307	171,470	1,252,776
Arkansas	328	5,514	917	6,431	174,393	57,647	232,040
California	438	82,160	7,174	89,334	5,095,763	610,164	5,705,927
Colorado	213	7,171	1,752	8,923	365,267	160,826	526,093
Connecticut	181	12,220	2,467	14,687	685,480	232,320	917,800
Delaware	43	4,175	490	4,665	311,096	60,133	371,228
District of Columbia	1	14	21	35	504	1,757	2,261
Florida	356	414,315	76,556	490,871	28,877,154	6,186,128	35,063,282

State	No. of Communities	Policies in Force			Insurance in Force (000 omitted)		
		Dwelling	Business and Other	Total	Dwelling	Business and Other	Total**
Georgia	302	13,577	978	14,555	$ 707,455	$ 74,795	$ 782,250
Hawaii	4	5,134	1,773	6,907	400,664	221,443	622,106
Idaho	145	2,046	274	2,320	89,621	19,451	109,071
Illinois	735	19,426	2,180	21,606	672,596	134,876	807,472
Indiana	345	10,656	869	11,525	330,243	49,270	379,513
Iowa	374	5,088	653	5,741	145,581	47,032	192,612
Kansas	306	6,209	812	7,021	188,773	54,324	243,097
Kentucky	245	13,671	2,687	16,358	438,290	196,776	635,066
Louisiana	268	199,749	15,852	215,601	12,128,318	1,495,080	13,623,399
Maine	953	3,439	812	4,251	123,306	43,954	167,260
Maryland	112	11,708	2,570	14,278	571,710	286,278	857,987
Massachusetts	323	20,537	2,885	23,422	963,790	249,409	1,213,199
Michigan	544	9,648	1,010	10,658	342,071	59,486	401,557
Minnesota	460	5,058	832	5,890	171,472	72,345	243,817
Mississippi	262	29,815	4,089	33,904	1,376,598	318,077	1,694,675
Missouri	481	11,901	2,426	14,327	338,755	163,238	501,993
Montana	99	1,714	192	1,906	65,750	9,482	75,232
Nebraska	273	7,212	631	7,843	259,084	48,872	307,956
Nevada	28	5,472	354	5,826	231,995	26,303	258,297
New Hampshire	163	2,057	496	2,553	70,410	33,712	104,122
New Jersey	540	78,630	8,584	87,214	4,922,617	814,154	5,736,771
New Mexico	70	4,011	264	4,275	144,161	22,032	166,193
New York	1,471	54,465	6,162	60,627	2,638,002	416,963	3,054,966
North Carolina	314	21,490	3,162	23,652	1,175,253	259,254	1,434,507
North Dakota	229	4,919	434	5,353	163,061	27,265	190,326
Ohio	665	12,263	2,772	15,035	370,359	153,386	523,745
Oklahoma	319	9,058	1,245	10,303	480,235	111,738	591,973
Oregon	252	5,165	770	5,935	233,622	58,876	292,498
Pennsylvania	2,450	44,946	11,401	56,347	1,366,478	845,225	2,211,703
Rhode Island	38	5,861	1,117	6,978	303,505	108,267	411,771
South Carolina	167	21,291	2,649	23,940	1,648,544	234,364	1,882,908
South Dakota	101	691	177	868	22,728	17,592	40,320
Tennessee	216	4,855	1,068	5,923	183,628	64,351	247,979
Texas	798	197,011	19,020	216,031	15,956,196	1,891,727	17,487,924
Utah	180	2,685	526	3,211	99,830	35,149	134,978
Vermont	222	1,487	575	2,062	45,266	28,106	73,372
Virginia	252	22,916	3,005	25,921	1,409,523	294,720	1,704,242
Washington	244	11,260	1,905	13,165	607,775	181,070	788,845
West Virginia	265	11,151	2,365	13,516	301,039	134,169	435,208
Wisconsin	488	4,816	649	5,465	154,649	45,159	199,807
Wyoming	63	1,291	193	1,484	60,919	15,849	76,768
Guam	1	21	4	25	765	191	956
Puerto Rico	1	8,765	1,129	9,894	193,455	61,969	255,424
Virgin Islands	1	1,281	1,209	2,490	41,720	54,280	96,000
Countrywide	17,703	1,474,892	206,060	1,680,952	$89,010,347	$17,110,620	$106,120,967

*As of Dec. 31, 1984.

**Some totals do not balance because of rounding.

Source: Federal Insurance Administration.

Federal Crime Insurance

The Federal Crime Insurance Program, established by Congress in 1970, began operation Aug. 1, 1971. It is administered by the federal insurance administrator, who is authorized to make federal crime insurance policies available in states in which that official perceives an availability problem. Policies, offered to both individuals and businesses, cover losses due to burglary and robbery.

Private insurers and statistical reporting companies act as servicing agents in participating states. Policies are sold through licensed property insurance agents and brokers.

In 1984, 23 states, the District of Columbia, Puerto Rico and the Virgin Islands were participating in the program. Four states, Minnesota, New Mexico, Washington and Wisconsin, were eliminated from the program in November 1983.

The Federal Insurance Administration reported that from the end of 1983 to year-end 1984 the number of policies in force decreased about 15 percent from 49,837 to 42,131. The amount of coverage in force declined by 14 percent, from $400.8 million to $342.9 million.

Federal Crime Insurance, 1984

	Policies in Force at Year End			Insurance in Force at Year End (000)		
State	Residential	Commercial	Total	Residential	Commercial	Total
Alabama	668	28	696	$ 4,925	$ 149	$ 5,074
Arkansas	49	13	62	278	68	346
California	1,392	310	1,702	10,742	5,136	15,878
Colorado	36	33	69	285	249	534
Connecticut	136	31	167	967	179	1,146
Delaware	95	4	99	522	34	556
District of Columbia	71	128	199	505	1,473	1,978
Florida	1,953	455	2,408	16,434	5,100	21,534
Georgia	263	175	438	1,881	1,539	3,420
Illinois	434	305	739	2,950	2,497	5,447
Iowa	4	1	5	33	5	38
Kansas	297	25	322	1,475	201	1,676
Louisiana	35	11	46	241	34	275
Maryland	91	154	245	655	1,554	2,209
Massachusetts	916	324	1,240	5,245	3,183	8,428
Missouri	804	176	980	4,973	994	5,967
New Jersey	1,317	300	1,617	9,429	3.489	12,918
New York	18,922	6,291	25,213	142,884	71,052	213,936
North Carolina	711	16	727	4,410	150	4,560
Ohio	306	164	470	1.785	1,588	3,373
Pennsylvania	2,113	739	2,852	12,631	6,366	18,997
Rhode Island	58	21	79	400	133	533
Tennessee	150	152	302	1,007	820	1,827
Virginia	87	15	102	527	101	628
Puerto Rico	944	281	1,225	7,791	2,903	10,694
Virgin Islands	95	32	127	611	357	968
United States	31,947	10,184	42,131	$233,586	$109,354	$342,940

Source: Federal Insurance Administration, Crime Insurance Statistical Report.

5. Factors Affecting Costs

Trends in Costs of Goods, Services and Insurance

The cost of insurance is influenced heavily by the costs of the materials and services for which property and casualty insurers must pay in meeting their obligations to their policyholders. Tabulated below and on the following page are indices showing the trends of costs of household and auto insurance and of typical factors which affect insurance claims. The cost of living index for all items rose 4.3 percent from 1983 to 1984.

Except as otherwise noted, all index figures are annual coverages.

Price Indices for Household Insurance and Related Items and Annual Rates of Change, 1975-1984 (Base: Except as Otherwise Noted, 1967 = 100)

Year	Cost of Living (all items)		Homeowners' Costs*		House Maintenance and Repairs		Renters' Costs*	
	Index	% Change	Index	% Change	Index	% Change	Index	% Change
1975	161.2				187.6			
1976	170.5	+ 5.8%			199.6	+ 6.4%		
1977	181.5	+ 6.5			214.7	+ 7.6		
1978	195.4	+ 7.7			233.0	+ 8.5		
1979	217.4	+ 11.3			256.4	+ 10.0		
1980	246.8	+ 13.5			285.7	+ 11.4		
1981	272.4	+ 10.4			314.4	+ 10.0		
1982	289.1	+ 6.1			334.1	+ 6.3		
1983	298.4	+ 3.2	102.5		346.3	+ 3.7	103.0	
1984	311.1	+ 4.3	107.3	+ 4.7%	359.2	+ 3.7	108.6	+ 5.4%
% Change, 1975-1984		+ 93.0		N.A.**		+ 91.5		N.A.**

Year	House Furnishings		Private Residential Construction Costs		Private Non-residential Construction Costs		Household Insurance	
	Index	% Change	Index	% Change	Index	% Change	Index	% Change
1975	144.4		173.6		198.0			
1976	150.7	+ 4.4%	187.1	+ 7.8%	198.6	+ 0.3		
1977	156.5	+ 3.8	210.1	+ 12.3	211.2	+ 6.3		
1978	154.3	– 1.4	240.9	+ 14.7	237.3	+ 12.4		
1979	163.1	+ 5.7	273.0	+ 13.3	275.5	+ 16.1		
1980	174.2	+ 6.8	300.0	+ 9.9	310.8	+ 12.8		
1981	185.2	+ 6.3	324.2	+ 8.1	324.6	+ 4.4		
1982	193.8	+ 4.6	331.5	+ 2.3	327.0	+ 0.7		
1983	197.5	+ 1.9	338.6	+ 2.1	330.8	+ 1.2	103.2	
1984	199.1	+ 0.8	353.5	+ 4.4	342.9	+ 3.7	107.5	+ 4.2%
% Change, 1975-1984		+ 37.9		+ 103.6		+ 73.2		N.A.**

*Indexing of Homeowners' Costs, Renters' Costs and Household Insurance was started in 1983 with a base (index value) of 100 as of December 1982. Previously indexed items which have been discontinued include Home Ownership, whose average annual cost had increased by 130.3 percent from 1974 to 1983, and Property Insurance Premiums, whose average annual cost had increased by 139.6 percent from 1974 to 1983.

**Not applicable.

Sources: Construction cost data, compiled by Insurance Information Institute from data provided by the U.S. Department of Commerce, Bureau of the Census; other data, U.S. Department of Labor, Bureau of Labor Statistics.

Price Indices for Auto Insurance and Related Items and Annual Rates of Change, 1975-1984 (Base: Except as Indicated, 1967 = 100)

	Medical Care Items		Hospital Rooms		Physicians' Fees		Auto Repairs and Maintenance*	
Year	Index	% Change	Index	% Change	Index	% Change	Index	% Change
1975	168.6		236.1		169.4		176.6	
1976	184.7	+ 9.5%	268.6	+ 13.8%	188.5	+ 11.3%	189.7	+ 7.4%
1977	202.4	+ 9.6	299.5	+ 11.5	206.0	+ 9.3	203.7	+ 7.4
1978	219.4	+ 8.4	332.4	+ 11.0	223.1	+ 8.3	220.6	+ 8.3
1979	239.7	+ 9.3	370.3	+ 11.4	243.6	+ 9.2	242.6	+ 10.0
1980	265.9	+ 10.9	418.9	+ 13.1	269.3	+ 10.6	268.3	+ 10.6
1981	294.5	+ 10.8	481.1	+ 14.8	299.0	+ 11.0	293.6	+ 9.4
1982	328.7	+ 11.6	556.7	+ 15.7	327.1	+ 9.4	315.8	+ 7.6
1983	357.3	+ 8.7	619.7	+ 11.3	352.3	+ 7.7	330.0	+ 4.5
1984	379.5	+ 6.2	670.9	+ 8.3	376.8	+ 7.0	341.5	+ 3.5
% Change, 1975-1984		+ 125.1		+ 184.2		+ 122.4		+ 93.4

	Auto Crash Parts Prices**		Labor Rates, Auto Repairs***		Auto Insurance	
Year	Index	% Change	Average Rate	% Change	Index	% Change
1975			$10.71		145.9	
1976	100.0		11.45	+ 6.9%	187.9	+ 28.8%
1977	109.3	+ 9.3%	12.13	+ 5.9	210.5	+ 12.0
1978	120.6	+ 10.3	13.33	+ 9.9	216.6	+ 2.9
1979	133.0	+ 10.3	14.63	+ 9.8	228.7	+ 5.6
1980	148.1	+ 11.4	16.45	+ 12.4	247.4	+ 8.2
1981	168.8	+ 14.0	17.39	+ 5.7	259.0	+ 4.7
1982	188.0	+ 11.4	17.82	+ 2.5	275.7	+ 6.4
1983	193.6	+ 3.0	18.15	+ 1.9	302.7	+ 9.8
1984	194.9	+ 0.7	18.97	+ 4.5	326.3	+ 7.8
1985	190.0	– 2.5	20.07	+ 5.8		
% Change, 1975-1984		+ 90.0#		+ 87.4##		+ 123.6

* The cost of auto crash replacement is not reflected in this index, which includes prices for water pump replacement, motor tune-up, automatic transmission repair, front end alignment and chassis lubrication. The trend in the cost of parts commonly used to repair auto crash damage is reflected in the index of auto crash parts prices developed by State Farm Mutual Automobile Insurance Company.

** Base: Jan. 1, 1976 = 100. Index figure for each year is as of Jan. 1

*** Not computed as an index. Dollar figure for each year is as of Jan. 1.

Percent change 1976-1985.

Percent change 1975-1985.

Sources: Auto Crash Parts Prices, State Farm Mutual Automobile Insurance Company; Labor Rates, Auto Repairs, Allstate Insurance Company; other data, U.S. Department of Labor, Bureau of Labor Statistics.

Personal Injury Lawsuits

The frequency of lawsuits and the average size of court settlements, including jury verdicts, have a significant impact on the cost of liability insurance.

Jury Verdict Research, Inc. (JVR) reported a 27.5 percent increase from 1982 to 1983 in the average size of verdicts awarded in four common injury categories — cervical strain, knee injuries, vertebrae fractures and wrongful deaths of adult males. While the rate of increase in 1983 was high compared to that of 1982 (5.85 percent), JVR said large increases in one year generally are offset by smaller increases, or even decreases, in the following years. From 1974 through 1984 (data were not complete for the latter year), the average yearly increase in award size was 14.26 percent.

For 1983, JVR listed average verdicts of $12,853 in cervical strain cases, $67,115 for knee injuries, $138,320 for vertebrae fractures and $843,598 in wrongful death cases.

JVR also has kept records of million-dollar verdicts since the first one was recorded in 1962. The number of such awards has risen steadily to a record 360 in 1983. JVR said that of more than 1,600 million-dollar verdicts on record, product liability suits accounted for the largest number, 404, followed by medical malpractice actions, 296; work accidents, 195; and automobile collisions, 186. More million-dollar verdicts have been rendered in New York than in any other state.

The JVR data show that the size and number of product liability and medical malpractice cases generally have increased over the years, although there have been upward and downward fluctuations from year to year. From 1974 to 1983, the average annual size of product liability verdicts ranged from a low of $345,783 in 1974 to a high of $1,657,187 in 1978. In 1983, the average product liability verdict was $1,246,646. The average annual size of medical malpractice verdicts ranged from a low of $166,165 in 1974 to a high of $962,258 in 1982 ($888,285 in 1983). JVR noted that fewer than half of such cases result in plaintiff's verdicts when tried by juries. In all types of liability situations, the overall recovery rate for plaintiffs is 57 percent.

An annual compilation by the Pacific Coast regional office of the Insurance Information Institute tracks product liability and medical malpractice verdicts awarded in California Superior Courts. In product liability cases, the average award in 1984 was $776,312, or 17 percent lower than the 1983 average of $939,709. In medical malpractice cases, the average plaintiff award was $396,662 in 1984, significantly lower than the record high of $649,210 in 1983 but higher than the average award in any other year.

A more comprehensive reflection of the tendency of Americans to sue is contained in annual state-by-state compilations by the Administrative Office of the U.S. Courts of product liability lawsuits filed in federal courts. Of 10,745 cases filed in fiscal 1984, about 90 percent involved personal injuries, 3.5 percent were property damage filings and 5.8 percent were contract actions. The number of product liability filings was 16.5 percent higher than that recorded in the preceding fiscal year.

The report noted that because of the increasing number of personal injury product liability suits involving asbestos filed in the U.S. district courts, the administrative office began a separate count of such cases in November 1983. Some 2,788 asbestos-related cases were reported in fiscal 1984, although the report pointed out that other cases may not have been tabulated because the new case category was not initiated until the middle of the statistical year.

The U. S. District Courts also reported a 19 percent increase in medical malpractice personal injury cases filed in fiscal 1984, with 1,782 new filings as compared to 1,496 commenced in the preceding year.

Product Liability Cases Commenced in Federal District Courts, 1983-1984

State	Fiscal 1984*	Fiscal 1983*	% Change	State	Fiscal 1984*	Fiscal 1983*	% Change
Ala.	97	115	− 15.7	Nev.	18	23	− 21.7
Alaska	23	25	− 8.0	N. H.	73	80	− 8.8
Ariz.	39	57	− 31.6	N. J.	159	168	− 5.4
Ark.	126	100	+ 26.0	N. M.	39	36	+ 8.3
Calif.	451	425	+ 6.1	N. Y.	422	457	− 7.7
Colo.	115	97	+ 18.6	N. C.	59	71	− 16.9
Conn.	225	157	+ 43.3	N. D.	18	25	− 28.0
Del.	8	9	− 11.1	Ohio	671	439	+ 52.8
D.C.	98	78	+ 25.6	Okla.	207	172	+ 20.3
Fla.	275	287	− 4.2	Ore	79	56	+ 41.1
Ga.	191	224	− 14.7	Pa.	874	815	+ 7.2
Hawaii	163	76	+ 114.5	R. I.	29	28	+ 3.6
Idaho	40	32	+ 25.0	S. C.	163	250	− 34.8
Ill.	294	164	+ 79.3	S. D.	19	23	− 17.4
Ind.	128	116	+ 10.3	Tenn.	178	169	+ 5.3
Iowa	77	75	+ 2.7	Texas	916	906	+ 1.1
Kan.	66	142	− 53.5	Utah	49	35	+ 40.0
Ky.	134	112	+ 19.7	Vt.	22	17	+ 29.4
La.	431	392	+ 9.9	Va.	186	147	+ 26.5
Maine	122	96	+ 27.1	Wash.	251	104	+ 141.3
Md.	322	255	+ 26.3	W. Va.	113	57	+ 98.2
Mass.	825	724	+ 14.0	Wis.	70	89	− 21.3
Mich.	490	460	+ 6.5	Wyo.	8	9	− 11.1
Minn.	328	133	+ 146.6	P. R.	16	18	− 11.1
Miss.	713	379	+ 88.1	Guam	0	0	N.C.
Mo.	224	178	+ 25.8	N.M.I.	0	2	− 100.0
Mont.	40	46	− 13.1	V.I.	13	5	+ 160.0
Neb.	48	66	− 27.3	Total	10,745	9,221	+ 16.5

*Twelve-month period ended June 30.

Source: Prepared by the Insurance Information Institute based on the 1984 Annual Report of the Administrative Office of the U.S. Courts.

Medical Malpractice Insurance

Medical malpractice insurance, a form of professional liability insurance, is designed to protect physicians, surgeons, dentists and others in the medical profession from the financial consequences of their failure to use due care and the high degree of skill expected of a professional.

In the 1970s, medical malpractice insurance became the focus of widespread public attention because of a proliferation of lawsuits against doctors and other medical practitioners, including hospitals. Today, once again, the medical malpractice insurance system faces a similar crisis.

From 1974 through 1983, the average medical malpractice plaintiff award increased by more than 400 percent, according to Jury Verdict Research, Inc. And the number of awards in excess of $1 million continues to increase steadily (four in 1984; 70 in 1983), with several awards upwards of $20 million and nearly as high as $30 million in the last three years. In 1983, there were 16 malpractice claims filed for every 100 doctors, as compared to between two and three for every 100 doctors in the early 1970s. As a result, in 1984, insurance premiums for doctors in many states rose sharply, in some cases by double or more.

According to the American Medical Association (AMA), despite continual increases in malpractice insurance premiums, the gap between premiums paid in and claims paid out continues to widen even though some doctors now are paying as much as 25 percent of their annual income for malpractice insurance. Others, particularly younger practitioners, find themselves unable to pursue preferred specialties because of the high cost of malpractice insurance premiums for those specialties.

Furthermore, in an effort to prevent malpractice suits, many doctors order more tests than they otherwise would. The cost of those tests to patients and insurers is estimated by the AMA to be as high as $40 billion annually.

In the 1970s, physicians undertook an aggressive campaign seeking reforms of state laws governing medical malpractice lawsuits. Every state except West Virginia enacted changes of various kinds, although a reform act in New Hampshire subsequently was struck down as unconstitutional by that state's Supreme Court.

Another step taken by physicians in the 1970s was the formation of doctor-owned malpractice insurance companies. In 1984, Iowa became the 28th state to license such a company, and the doctor-owned companies now write about half of all the medical malpractice insurance in the United States.

Since these new companies had not experienced any losses, they initially could charge lower rates — the main reason for their creation. Now they are experiencing problems similar to those of their commercial insurance counterparts and predecessors — having to pay more and larger claims than they had anticipated. In 1983, the rate of malpractice suits against doctors insured by physician-owned companies was 20.3 per 100, significantly higher than the overall rate of 16 per 100.

Reasons for the increasing incidence of malpractice claims and the increasing size of awards are not entirely clear, but several contributing factors have been suggested.

In addition to the fact that people generally are more litigious than in the past, the crisis of the 1970s, which was reported extensively by the news media, may have made people more aware of physicians' vulnerability to malpractice suits. Other contributing factors are the deterioration of the traditionally intimate relationships between families and their doctors and the use of medical experts from outside the particular locale to testify in malpractice cases.

The AMA has been studying the problem, and in February 1985 it released a report recommending a number of legislative changes, including limitations on pain and suffering awards, elimination of punitive damages, limitations on lawyers' contingency fees and mandated structured settlements which are paid in installments over a period of time rather than in one lump sum.

The doctors also recommended that the states establish patient compensation funds to pay for damages in excess of specified amounts as well as laws reducing the statute of limitations to a suggested six or seven years. Pointing out that many lawsuits are disposed of in court as being frivolous or without merit, the AMA also recommended legislation allowing doctors to countersue to recover defense costs.

Legislation to implement some or all of the AMA's recommendations has been proposed in a number of states, and various other solutions to the problems are being considered. Among them are no-fault-type plans designed to eliminate the cost and uncertainty of collecting damages through the courts. Patients injured while undergoing medical treatment would be assured of receiving compensation for medical bills and wages lost during the injury period, but in return for that assurance they generally would give up the right to sue for non-economic losses such as "pain and suffering."

The Civil Justice System

Many experts believe the American civil justice system is in urgent need of reform. These advocates include such eminent individuals as Chief Justice Warren E. Burger, former Attorneys General William French Smith and Griffin Bell, and Derek Bok, president of Harvard University and former dean of the Harvard Law School.

In describing the problems of the system, Chief Justice Burger has pointed to "the high cost of legal services and the slow pace of justice." He sees the process of going to trial as "not only stressful and frustrating, but expensive and frequently unrewarding for litigants."

A primary basis for these criticisms of the legal process is the growing number of lawsuits, especially unnecessarily prolonged lawsuits, flooding the system. In the words of the Chief Justice, the nation is plagued "with an almost irrational focus — virtually a mania — on litigation as a way to solve all problems." As long as the civil justice system continues to encourage people to sue rather than to settle grievances out of court, more lawsuits are inevitable, along with lengthy delays and increased costs to the parties in dispute and to society as a whole.

Growth of Lawsuits

In our generation, the volume of lawsuits has grown at a rapid rate. Disputes which in the past would have been settled within a community or within a family now are put before the bench. In 1982, 206,000 civil cases were filed in federal district courts. Contrasted with a mere 35,000 filed in 1940, that number represents a sixfold increase.

Most of this growth has occurred during the last few years. In 1982, for example, the federal courts faced 26,000 more civil cases than in the preceding year — a 14 percent increase. With this swollen caseload, each federal judge now must handle a docket about twice the size of a counterpart's a generation ago. Nor has this influx of lawsuits spared state courts, which hear more than 98 percent of all civil suits. From 1977 to 1981, state courts recorded a 22 percent increase in the number of civil suits filed, while appeals in the state courts jumped 32 percent during the same period.

Changing Legal Doctrines

In general, the increase in lawsuits is a product of the vast social upheavals society has undergone during the last century. New developments in science and technology have led to countless benefits, but also to new hazards and to an increase in both the frequency and the severity of accidents, including some of an unprecedented nature. The courts have used their resources to move the law toward addressing these sweeping changes.

Increasingly, the courtroom is used as a forum for deciding who, if anyone, will pay. As civil suits have grown more complex, determining precise fault has become more difficult. Consequently, the courts have adjusted legal doctrine so that fault plays a much less important role today than it did previously in establishing responsibility for wrongdoing. Years ago, in order to collect damages in a lawsuit, an injured party had to prove that the other party was at fault. Today, the tendency is to place emphasis on providing injured persons with some form of redress, regardless of blame. Ability to pay sometimes becomes more crucial than who is at fault, and the burden of paying usually falls on corporations or wealthy individuals, or those with "deep pockets."

The courts also have expanded their definitions of enforceable rights. Legal doctrines have been refined to create new areas of liability. Where consumers were once cautioned, "buyer beware," today's purchases are almost always covered by warranty. Where once governments were protected from suits by the doctrine of "sovereign immunity," today cities and towns are constantly having to defend themselves in court.

Rising Compensation Awards

The lure of compensation awards in civil suits often is cited as a major contributor to increased litigation. Studies show that the number and amounts of these awards are growing at a rapid rate. The number of million-dollar verdicts awarded each year in the United States soared from one in 1962 to 360 in 1983, according to Jury Verdict Research, Inc., an independent statistical analysis company.

While the purpose of an award in a civil suit is to compensate the injured party for the wrong committed, other influences besides compensation can boost considerably the amount of an award. Among the most prominent are punitive damages and attorneys' contingency fees.

Jury trials. In studying the jury effect on civil suit awards, the Institute for Civil Justice found that civil juries are facing increasingly complex cases.

The Institute examined more than 9,000 civil jury trials in Cook County, Ill., during the 1970s and 1980s. It found that complex cases have made damage assessment a much more difficult task for juries. The study also tracked the size of awards during the two decades. While the average jury award doubled, the highest awards — the top 10 percent — grew at an even faster rate.

Punitive Damages. People bring suits may ask for punitive damages in addition to compensation. Intended to "punish" a defendant's wrongful conduct, punitive damages can amount to millions of dollars. The prospect of receiving a big "bonus" often brings cases into court that otherwise could be settled without the benefit of judge or jury, especially if the dispute is relatively minor.

Many persons who are concerned about the civil justice system oppose awarding punitive damages. They argue that the purpose of the civil law is to compensate injured parties, not to punish wrongdoers. If wrongs have been committed, some contend, then punishment is the province of criminal law, not civil law. Others say punitive damages belong within the domain of civil law, but that the fully compensated winning party should not be the beneficiary. Rather, they say, the punitive award should go to the state or to charity.

The Growth in Lawsuit Delays

Compounding the growth in the volume of lawsuits is a similar growth in the length of lawsuits, and the result is backlog and delay. Just a few decades ago, the protracted lawsuit was a rarity. Today, cases have grown exceedingly complex, and their disposition often takes months and even years. In 1950, only 20 civil trials in federal courts lasted longer than 20 days. By 1981, the number of comparably lengthy trials had multiplied ninefold. In some state courts, delays amount to several years.

In some civil cases tried before a jury, the chances of delay increase. Jury selection inherently is a laborious process, and lawyers often use it as a tactic for improving their clients' chances of winning. Ultimately, this tactic stalls the progress not only of that suit but of every other suit lined up after it on the docket. As a Wall Street Journal editorial noted: "Cases are often lengthened by lawyers' attempt to find, not necessarily fair but, favorable juries."

Uncertainty of Legal Outcomes

In the face of these rapid changes in legal doctrines and a heavy caseload, the civil justice system has offered little guidance to citizens about the extent of their rights and responsibilities. Property owners, workers, manufacturers, consumers, doctors, lawyers, government officials and taxpayers often are in the dark about the current status of the law.

A study of the California civil justice system found that rapid shifts in legal doctrine were making it difficult to predict legal outcomes:

"The net result was symbolized by 39 major changes in legal doctrine in the course of 18 years. . . By 1977, when several important reversals of direction occurred, even the most practiced professional was often deeply confused as to what the tort law was, what liability it created, and how that liability could be reduced or insured against."

Particularly affected by this lack of predictability are companies developing new products and services. These companies often have little idea of what strategies they can pursue free from the threat of litigation. As a result, businesses may end up foregoing innovative strategies in favor of safer, risk-free choices.

Improving the System

Efforts to improve the administration of justice in the civil arena have focused on two main themes:

- Alternative dispute resolution mechanisms (ADRs). These mechanisms include arbitration, where disputants agree to be bound by the decision of an independent third party, and mediation, where a third party is used to try to arrange a settlement between the contending parties, without resorting to litigation.
- Tort reform. Reforms in the tort system have been proposed over many years. Some have been implemented and have helped alleviate some of the difficulties in the civil justice system.

The table on Pages 60 and 61 shows the status as of November 1984 of tort reform provisions in every state. An explanation of the terms which appear as column headings in the table follows.

Explanation of Tort Reform Provisions

Ad Damnum: Clause referring to the initial amount of monetary damages sought by a plaintiff. Legislation usually calls for the elimination of this clause in initial pleadings.

Attorney Fees: The most common arrangement for payment of plaintiff attorney fees in liability cases is the "contingency fee." Under this type of arrangement, the attorney receives as his fee an agreed-upon percentage (commonly 30 percent to 50 percent) of any final award or settlement made to the plaintiff. Reform legislation has taken different approaches: a sliding scale in terms of a percentage of the award; court approval of what the court considers to be a reasonable fee; limiting attorneys' fees to a certain percentage of the amount actually recovered by the plaintiff.

Awarding Costs: Refers to statutes in a few states designed to deter the pursuit of frivolous medical injury claims. These laws generally provide that where a person is found to have acted frivolously in bringing a suit, that person may be found liable for payment of the other party's reasonable attorney and expert witness fees and court costs. Usually, such costs are paid by the person who incurs them.

Collateral Source: Refers to a rule of evidence that bars the introduction of any indication that a patient has been compensated or reimbursed by any source other than the defendant. Approaches taken by modifying legislation include: permitting consideration of compensation or payments received from some or all collateral sources; requiring that any award be offset by the amount of collateral source payments; allowing the defendant to introduce evidence of compensation to the plaintiff from collateral sources. The jury is instructed to reduce any award for economic loss accordingly.

Expert Witness: Legislation affects the qualification and use of expert witnesses often called to explain complex and difficult issues.

Limits on Liability: In some states, laws limit the liability of defendants in medical liability suits in one of several ways: by limiting recovery of a particular type of damages, by limiting the total amount of damages recoverable, or by placing an absolute cap on physician liability under a patient compensation fund.

Patient Compensation Fund: A governmentally-operated mechanism established to pay that portion of any judgment or settlement against a health care provider in excess of an amount set by law. A fund may pay the remainder of the award or it may have a statutory maximum (e.g., a million dollars). These funds, also known as "excess recovery funds," generally are funded through an annual surcharge against health care providers.

Periodic Payments: In most states, unless otherwise agreed upon by the parties or mandated by a court, judgments may only be lump-sum awards. Under a periodic payment system, payments are made over the lifetime of the plaintiff or for the period of disability.

Pre-Trial Screening Panels: Prerequisites to trial, with procedures usually including a pretrial hearing (voluntary in some states) by a panel whose composition and scope of inquiry varies from state to state. All statutes establishing these procedures provide that the panel's decision is not binding and does not preclude the initiation of a lawsuit. Some states permit the panel's decision to be introduced into evidence in a subseqent lawsuit, but that decision is not binding on a judge or jury.

Res Ipsa Loquitur ("The thing speaks for itself"): A common law doctrine which applies when a plaintiff can demonstrate that the injury occurred while the instrumentality causing the injury was under the exclusive control of the defendant and which, if used in a non-negligent fashion, does not normally cause injury. Some state courts have expanded the application of the doctrine, increasing its effect from that of a mere inference to that of a presumption which, if not rebutted, will allow a jury to reach no finding other than liability. Legislation enacted in several states has codified the doctrine in regard to medical liability cases by delineating those circumstances in which the doctrine may be applied, such as when a foreign object has been left in a body or the patient has suffered radiation burns. However, these statutes have sought to make it clear that the mere fact of injury is not sufficient to invoke the doctrine.

Statute of Limitations: A law that bars a cause of action after the expiration of a specified time period. In many states, the statute for medical liability actions begins to run only upon discovery of the injury. Since discovery may come several years after treatment, the time period for filing an action may be uncertain. Some states have sought to eliminate the "long tail" by establishing an absolute time period within which medical liability suits may be initiated. Some such statutes except incidents in which foreign objects are left in a body or in which a health care provider has fraudulently concealed the fact of injury.

Special Statute of Limitations for Minors: Most states provide that the statute stops running on a cause of action incurred by a minor until he or she reaches the age of majority. Changes usually provide that the statute will begin running prior to the age of majority.

Standards of Care: The standard of care in a medical negligence action is that level of care to which a health care provider is held accountable to a patient, and is based on the prevailing level of care practiced within a locality (community, state or national).

Tort Reform Provisions by State

State	Ad Damnum	Attorney Fees	Awarding Costs	Collateral Source	Expert Witness	Limits on Liability
Alabama	1					
Alaska	1			1		
Arizona	1	1		2		
Arkansas	1					
California	1	1*		1		1*
Colorado		1	1			
Connecticut	1					
Delaware		1		1	1	
Florida	1	1	1	2	1	
Georgia	1					
Hawaii	1	1				
Idaho		5		5	2	5
Illinois	1		1	1		3
Indiana	2	2				2
Iowa	1	1		2		
Kansas	1	1	1	1		
Kentucky	1					4
Louisiana	2				1	1
Maine	1					
Maryland	1	1				
Massachusetts	1		2			
Michigan		1			1	
Minnesota						
Mississippi	1					
Missouri	1					
Montana						
Nebraska	1	2	1	2		2
Nevada					1	
New Hampshire	4	3	4	3	3	3
New Jersey		1				
New Mexico	1					1
New York	1	1		1		
North Carolina	1					
North Dakota				3		3
Ohio	1			1	2	1
Oklahoma		1			1	
Oregon		1				1
Pennsylvania		4	1	3		
Rhode Island	1	5	5	1		
South Carolina						1
South Dakota				1		1
Tennessee	1	1		1	1	
Texas	1					1
Utah	1					
Vermont						
Virginia					1	1
Washington	1	1		1		
West Virginia						
Wisconsin	1	1				1
Wyoming		1				

EXPLANATION OF TABLE:
1—Provision exists; 2—Provision found constitutional by highest state court; 3—Provision found unconstitutional by highest state court; 4—Provision not severable from an act found unconstitutional by highest state court, although provision not specifically reviewed by the court; 5—Provision has been repealed or has sunset; 6—Provision exists but not in effect.

*Provision has been found constitutional by highest state court since November 1984.

Source: Division of Legislative Activities, Department of State Legislation, American Medical Association.

Patient Compensation Fund	Periodic Payments	Pre-Trial Screening Panels	Res Ipsa Loquitur	Statute of Limitations	Special Statute of Limitations for Minors	Standards of Care
	1			2	2	1
	1	1	1			2
		2		1	1**	1
	1	1				1
	2		1	1	1	
6				2	1	
		1				
	1	1	1	1	1	1
2	1	3	1	1		1
				1		
1		1		1		
		1				1
1	1	3	1	2		
2		2		2	2	
				1		
1	1	1		2	1	
3				1		
2		2		1	1	1
		1		1		
	1	1		1	1	
		2		1	1	
	1			1		1
				1		
				1	1	
		3		1	1	
		2		1		
2		2		1		1
		5	1	1		1
	3	1	4	3	3	4
		2				
1	1	1		1	1	
		1		1	1	
1				1	1	1
4	4	5	3	1		4
		2		1	3	
			1	1		1
1	1			1		1
1		3				
		5	1	1	5	
1	1			1		
				1	1	
		5	1	2		1
			1	1	3	
				2	1	
						1
		1				1
	1			1		2
1	2	2		1	1	
1				1	1	

**Provision found unconstitutional by highest state court in 1985.

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Cost of Operating an Automobile

The cost per mile of owning and operating an automobile in the United States ranges from 22.7 cents for a subcompact to more than 39 cents for a passenger van, according to a 1984 study by the Federal Highway Administration. The study, based on the cost of owning and operating typical vehicles in suburban Baltimore, Md., assumes that each of five American 1984 models will be driven 120,000 miles over a 12-year period. The FHA noted that the cost figures will vary by area, and that rural costs generally are lower than those in suburban or urban areas.

Auto insurance coverages include $20,000/$40,000 bodily injury liability, $10,000 property damage liability, $2,500 personal injury protection, $20,000/$40,000/$10,000 uninsured motorist, $50 deductible comprehensive for the 12-year period and $100 deductible collision for the first five years. Coverage for the van includes $300,000 single limit liability, $50,000 uninsured motorist and the same personal injury protection, comprehensive and collision coverages.

Cost of Operating Automobiles and Vans, 1984 (Cents Per Mile)

	Vehicle Cost Depreciated	Maintenance Accessories Parts & Tires	Gas & Oil (Exc. Taxes)	Parking & Tolls	Insurance	State & Federal Taxes*	Total Cost Per Mile
Large	9.6¢	6.0¢	7.0¢	0.9¢	4.9¢	2.2¢	30.6¢
Intermediate	8.6	5.2	5.7	0.9	5.6	1.8	27.8
Compact	7.3	4.6	4.6	0.9	4.3	1.6	23.3
Subcompact	5.9	5.1	4.4	0.9	5.0	1.4	22.7
Passenger Van	10.7	6.9	9.1	0.9	8.9	2.7	39.2

*Including gasoline taxes. The gasoline price used, including taxes, was $1.389 per gallon.

Source: Federal Highway Administration, U.S. Department of Transportation.

Insurance in Home Ownership

The cost of insurance represents less than 3 percent of the monthly housing expenses faced by home purchasers in the United States. A nationwide study by the U.S. League of Savings Associations reflected a drop from 1981 to 1983 in the median monthly housing expense after a sharp increase over the preceding two-year period. The cost of insurance represented 2.8 percent of the total in 1983, up from 2.5 percent in 1981 but lower than the 2.9 percent reported in 1979.

Composition of Median Monthly Housing Expense, 1979-1983

	1983		1981		1979	
Item	Cost	% of Cost	Cost	% of Cost	Cost	% of Cost
Mortgage payment	$524	73.9%	$624	76.5%	$401	72.9%
Real estate taxes	65	9.2	72	8.8	58	10.5
Utilities	100	14.1	100	12.3	75	13.6
Hazard insurance	20	2.8	20	2.5	16	2.9
Total	$709		$816		$550	

Source: U.S. League of Savings Associations.

Health Care Costs

The cost of health care in the United States in recent years has been the equivalent of more than 10 percent — 10.8 percent in 1983 — of the nation's gross national product, according to the Department of Health and Human Services (HHS). In that year, the latest for which the HHS data were available, the national health expenditure of some $355 billion amounted to an outlay of $1,459 for every man, woman and child in the country. The agency said the overall cost of health care was 10.3 percent higher in 1983 than in 1982.

HHS said hospital care accounted for $147 billion, or 41 percent of the nation's total health expenditures, in 1983. A steady increase in hospital room costs has been a major factor in the rising cost of health care.

The average rate for a semiprivate room in the United States was $211.77 as of January 1985, a 3.8 percent increase over the January 1984 figure of $204.00, according to a survey by the Health Insurance Association of America. State average rates ranged from a low of $112.61 in Mississippi to a high of $295.19 in Alaska. Declines in average rates were recorded in four states and the Districtof Columbia.

Hospital Semiprivate Room Rates*, January 1984-85

State	1985	1984	% Change	State	1985	1984	% Change
Ala.	$160.92	$155.07	+ 3.8	Mont.	$200.84	$184.78	+ 8.7
Alaska	295.19	243.70	+21.1	Neb.	155.26	150.68	+ 3.0
Ariz.	191.31	185.47	+ 3.1	Nev.	242.62	236.10	+ 2.8
Ark.	140.40	138.48	+ 1.4	N. H.	199.75	193.36	+ 3.3
Calif.	281.18	273.21	+ 2.9	N. J.	182.61	181.43	+ 0.7
Colo.	211.33	207.57	+ 1.8	N. M.	193.03	189.98	+ 1.6
Conn.	205.52	198.66	+ 3.5	N. Y.	228.37	225.70	+ 1.2
Del.	214.16	216.94	− 1.3	N. C.	139.49	140.59	− 0.8
D.C.	273.71	281.84	− 2.9	N. D.	173.12	158.90	+ 8.9
Fla.	180.99	173.58	+ 4.3	Ohio	228.17	221.73	+ 2.9
Ga.	150.20	161.79	− 7.2	Okla.	161.60	160.03	+ 1.0
Hawaii	230.82	224.31	+ 2.9	Ore.	225.23	217.11	+ 3.7
Idaho	197.10	180.79	+ 9.0	Pa.	255.40	244.11	+ 4.6
Ill.	247.78	237.11	+ 4.5	R. I.	206.21	198.08	+ 4.1
Ind.	183.59	179.80	+ 2.1	S. C.	145.46	139.04	+ 4.6
Iowa	179.22	170.11	+ 5.4	S. D.	161.15	158.95	+ 1.4
Kan.	182.97	177.62	+ 3.0	Tenn.	139.50	136.11	+ 2.5
Ky.	174.96	166.97	+ 4.8	Texas	158.71	151.73	+ 4.6
La.	153.59	146.36	+ 4.9	Utah	173.07	178.15	− 2.9
Maine	208.46	203.12	+ 2.6	Vt.	209.48	200.83	+ 4.3
Md.	185.90	179.84	+ 3.4	Va.	164.76	163.44	+ 0.8
Mass.	228.68	208.03	+ 9.9	Wash.	228.67	220.32	+ 3.8
Mich.	266.71	245.17	+ 8.8	W. Va.	165.51	164.43	+ 0.7
Minn.	187.31	179.30	+ 4.5	Wis.	166.14	162.77	+ 2.1
Miss.	112.61	108.36	+ 3.9	Wyo.	172.61	154.67	+11.6
Mo.	184.73	180.03	+ 2.6	P. R.	114.17	112.69	+ 1.3

*Data apply to medical-surgical semiprivate accommodations and exclude pediatric, intensive care, cardiac care, extended care, self-care, psychiatric and tuberculosis beds.

Source: Health Insurance Association of America.

6. Losses by Category

Fire Losses

Fire losses in the United States increased by about 15 percent in 1984, to a record $7.28 billion from the 1983 total of $6.32 billion. The per capita fire loss rose to $31.06 from the 1983 figure of $27.20. While the trend of fire losses has been generally upward over the years, the ratio of such losses to the aggregate value of property subject to such losses has been declining for many years as a result of countrywide fire prevention efforts.

U.S. Fire Losses*
1875-1984

Year	Property Loss	Loss Per Capita	Year	Property Loss	Loss Per Capita
1875	$ 78,102,000	$1.73	1960	$1,107,824,000	$ 6.16
1880	74,643,000	1.49	1970	2,238,000,000	11.41
1890	108,994,000	1.73	1978	4,008,000,000	18.05
1900	160,930,000	2.12	1979	4,851,000,000	21.60
1910	214,003,000	2.32	1980	5,579,000,000	24.56
1920	447,887,000	4.21	1981	5,625,000,000	24.53
1930	501,981,000	4.08	1982	5,894,000,000	25.61
1940	286,491,000	2.16	1983	6,320,000,000	27.20
1950	648,909,000	4.27	1984	7,282,000,000	31.06

*Including allowances for uninsured and unreported losses.

Source: Insurance Services Office.

Fire Fatalities

Fire deaths in the United States increased by 4 percent in 1984, to an estimated 4,900 from the 1983 toll of 4,600, according to a National Safety Council estimate. The Council said approximately 3,900, or 81 percent, of the victims perished in residential fires.

Highest death rate by fire is among persons 65 years of age and older. The death rate among children under 5 years of age is the second highest. The fatality rate for the older group rose slightly in 1984 for the first time in eight years, according to the National Safety Council. Rates shown below are deaths per 100,000 population in each age group resulting from burns, asphyxiation or being struck by falling objects during fires.

Fire Deaths Per 100,000 Population

Ages	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
0-4	4.7	5.3	4.9	5.7	5.2	5.1	5.1	4.5	4.0	3.9
5-14	1.5	1.5	1.5	1.6	1.6	1.4	1.4	1.4	1.2	1.3
15-24	1.2	1.4	1.5	1.3	1.4	1.3	1.2	1.1	0.9	1.0
25-44	1.8	1.7	1.9	1.8	1.6	1.6	1.5	1.4	1.1	1.2
45-64	3.7	3.5	3.4	3.2	3.0	2.8	2.7	2.3	2.2	2.2
65 and over	7.4	8.0	7.8	7.0	6.7	6.5	6.3	5.6	4.9	5.0

Source: National Safety Council.

Leading Causes of Fires

Defects in, or mishandling of, heating equipment is responsible for more residential fires than any other single cause, while arson continues to be far out in front as the leading cause of nonresidential fires.

A preliminary report by the United States Fire Administration shows that heating-related ignitions were blamed for more than one of every four (26.6 percent) residential fires in the United States in 1983. Cooking-related incidents were listed as the second leading cause of residential fires and the leading cause of injuries resulting from fires in homes.

As has been the case in previous years, careless smoking was shown to be the leading cause of residential fire fatalities, with involvement in 22.3 percent of all home fire deaths in 1983. The federal agency said most of the smoking-caused deaths occurred at night and involved the ignition of upholstery or bedding.

Arson caused a larger amount of dollar losses in residential fires than any other single cause.

The U.S. Fire Administration listed arson as the cause in 1983 of about one of every four fires in nonresidential structures, including schools, restaurants, garages and manufacturing plants. The agency's preliminary data did not include an analysis of causes of deaths, injuries and dollar losses in nonresidential fires.

The report also pointed to a sharp (16.7 percent) increase from 1982 to 1983 in the number of fire deaths occurring in motor vehicles. The government agency compared that increase to a 7.1 percent rise in the number of motor vehicle fires and said the development would be further analyzed "to determine the reasons for such a dramatic change and whether any significant patterns in motor vehicle fire deaths are emerging."

A summary of the U.S. Fire Administration's findings as to the leading causes of fires in 1983 appears in the table below.

Causes of Reported Fires, 1983

	Residential				Non-residential
	Fires %	Deaths %	Injuries %	Dollar Loss %	Fires %
Heating	26.6	13.0	12.5	15.2	6.6
Cooking	16.1	5.5	20.1	6.4	6.4
Incendiary/Suspicious	10.2	11.4	9.4	16.6	24.9
Electrical Distribution	7.1	6.3	5.4	10.3	10.1
Smoking	6.6	22.3	15.3	5.7	5.8
Appliances	5.9	2.5	5.1	5.2	5.1
Other Equipment	5.9	3.2	5.6	5.4	9.9
Open Flames	4.8	2.9	4.8	4.2	8.6
Children Playing	4.4	4.7	8.5	3.7	3.2
Exposure	2.3	0.4	0.6	2.9	3.9
Natural Causes	1.3	0.1	0.5	1.9	3.1
Other Heat or Spark	1.0	1.2	1.3	1.1	1.5
Flammable Liquids	1.0	2.5	1.3	2.2	
Flammable Gases	0.1	0.1	0.1	0.1	
Unknown	7.8	26.5	10.7	21.5	10.9

Note: Columns of figures may not total 100 percent because of the effects of rounding.

Source: United States Fire Administration.

Arson

Incendiary or suspicious fires in the United States take hundreds of lives and cause property damage upwards of a billion dollars each year. Data from the Federal Bureau of Investigation and the National Fire Protection Association indicate that an ongoing campaign to reduce the incidence of arson has been at least moderately successful in recent years.

The FBI said the number of arson offenses on which it had complete reports declined by about 3 percent from 1983 to 1984, although dollar losses were up by about 10 percent to $879 million.

While complete NFPA arson statistics for 1984 were not available at mid-1985, that organization reported a decline from 122,000 in 1983 to 110,500 in 1984 in the number of structural fires of incendiary or suspicious origin, and a slight drop from $1.42 billion to $1.41 billion in the resulting property damage. (NFPA estimates of arson losses in 1983 are shown in the table below.)

The insurance industry for several years has worked closely with federal, state and local officials in the effort to combat arson. In 1984, the Insurance Committee for Arson Control and the Ford Foundation launched an innovative program, to be conducted in four test cities through 1986, using state-of-the-art microcomputer technology to gather data on potential arson targets.

Also in 1984, the U.S. Fire Administration initiated a three-year pilot program designed to reduce loss of life and property from fire. For participation in the program, the agency authorized grants to three communities—one urban, one suburban and one rural—in each of 10 states. Another 10 states were added to the program on the same basis in 1985.

A study published by the insurance industry-sponsored All-Industry Research Advisory Council in 1982 indicated that vandalism is the most common motive for arson fires, with fraud, or arson-for-profit, the second most prevalent motive.

Incendiary and Suspicious Fires in Structures, 1983 Estimates

	Fires		Civilian Deaths		Dollar Loss[*]	
	Estimate	Change from 1982	Estimate	Change From 1982	Estimate	Change From 1982
Structural Fires of Incendiary Origin	72,500	−6.5%	565	−21.5%	$ 946,000,000	−13.1%
Structural Fires of Suspicious Origin	49,500	−3.9	405	+113.2	475,000,000	− 8.0
Totals	122,000	−5.4	970	+ 6.6	$1,421,000,000	−11.4

[*] Includes direct property losses only; does not include indirect losses such as business interruption or temporary shelter costs. No adjustment was made for inflation in the year-to-year comparison.

Source: National Fire Protection Association.

Structural Fires

Fires in residential structures accounted for 73.9 percent of structural fires in the United States and 81.4 percent of all civilian fire deaths in 1983, according to the National Fire Protection Association (NFPA). Residential fires also accounted for 56.7 percent of the dollar losses from structural fires, estimated by the NPFA at more than $5.8 billion.

Structural Fires by Types of Use, 1983 Estimates*

Property Use		Estimated Number of Fires	Change from 1982	% of Structure Fires	% of Dollar Losses**
Public Assembly		24,500	− 12.5%	2.8%	6.1%
Educational		11,500	− 30.3	1.3	1.8
Institutional		23,000	− 22.0	2.6	.2
Residential		641,500	− 5.2	73.9	56.7
One- and Two-Family Dwellings***	523,500		− 2.7	60.3	47.9
Apartments	102,000		− 12.5	11.7	7.1
Hotels and Motels	9,000		− 14.3	1.0	1.1
Other	7,000		− 39.1	.8	.6
Stores and Offices		50,500	− 9.8	5.8	11.8
Industry, Utility, Defense		36,000	− 14.3	4.1	13.1
Storage in Structures		48,000	− 11.1	5.5	8.1
Special Structures		33,500	− 23.9	3.9	2.2
Totals		868,500	− 8.2		

*Based primarily on data reported to the National Fire Protection Association by fire departments responding to the 1983 National Fire Experience Survey.

**Direct property losses only.

***Includes mobile homes.

Source: National Fire Protection Association estimates.

Civilian Fire Deaths by Property Use, 1983 Estimates

Property Use	Deaths	% Change from 1982	% of All Civilian Fire Deaths
Residential*	4,820	− 2.4%	81.4%
One- and Two-Family Dwellings	3,825	− 3.4	64.6
Apartments	845	− 1.7	14.2
Hotels and Motels	80	+ 6.7	1.4
Other Residential	70	+ 55.6	1.2
Non-Residential Structures	270	+ 3.9	4.6
Highway Vehicles	670	+ 16.5	11.3
Other Vehicles	55	− 54.2	0.9
All Other Categories	105	− 16.0	1.8
Total	5,920	− 1.7	

*Includes mobile homes.

Source: National Fire Protection Association estimates.

Multiple-Death Fires

Ten or more persons lost their lives in each of five fires across the country during 1984, according to the National Fire Protection Association (NFPA). Only two fires resulting in 10 or more deaths had been recorded in the preceding year.

The NFPA said the worst loss-of-life fire during 1984 occurred on Dec. 19 in a coal mine at Orangeville, Utah. Twenty-seven persons died in that fire.

The total number of multiple-death fires—those causing three or more fatalities—was not immediately available. The NFPA had listed 258 such fires in 1983, including 27 fires of incendiary or suspicious origin.

Historically, there have been 22 fires in the United States in which 100 or more persons have perished, including two-in Peshtigo, Wis., in 1871 and New York City in 1904—which claimed more than 1,000 lives each. The most tragic multiple-death fire since 1970 occurred on May 28, 1977, when 165 persons died in a supper club fire in Southgate, Ky. As shown in the second table below, of the nation's 10 worst multiple-death fires, the most recent occurred more than 40 years ago when 492 persons lost their lives in a night club fire in Boston, Mass., in 1942.

Fires Resulting in 10 or More Deaths, 1984

Date	Location	Property Use	Deaths
Dec. 19	Orangeville, Utah	Coal mine	27
July 23	Romeoville, Del.	Refinery	17
July 4	Beverly, Mass.	Rooming house	15
Oct. 18	Paterson, N.J.	Hotel	15
Feb. 8	Philadelphia, Pa.	Single-family dwelling	10

Source: National Fire Protection Association.

The 10 Worst Multiple-Death Fires in the United States

Date	Place	Deaths
Oct. 8, 1871	Peshtigo, Wis., and environs	1,152
June 15, 1904	New York, N.Y., SS General Slocum	1,030
Dec. 30, 1903	Chicago, Ill., Iroquois Theatre	602
Oct. 12, 1918	Cloquet, Minn., and environs	559
April 18, 1906	San Francisco, Calif., earthquake-fire	500
Nov. 28, 1942	Boston, Mass., Cocoanut Grove Night Club	492
Sept. 1, 1894	Hinckley, Minn., and environs	413
June 30, 1900	Hoboken, N.J., North German Lloyd Steamship pier and ships	326
April 21, 1930	Columbus, Ohio, State Penitentiary	320
Dec. 5, 1876	Brooklyn, N.Y., Conway's Theatre	283

Source: Compiled by the Insurance Information Institute.

Large-Loss Fires

A fire that devastated an oil refinery in Martinez, Calif., in April 1983 caused damage estimated by the National Fire Protection Association (NFPA) at $48,950,000. In terms of property damage, it was the most costly of 34 fires during the year in which property damage reached or exceeded $5 million.

The NFPA said the 34 fires together resulted in losses of almost $410.5 million.

Beginning with the great Chicago fire of 1871, in which more than 17,000 buildings were destroyed, 15 fires in the United States have caused property damage of $50 million or more (see table on the next page). Damage attributed to the oil refinery fire of 1983 fell just short of that mark.

U.S. Fires Causing Property Damage of $5 Million or More, 1983

Date	Place	Property Use	Estimated Loss
Apr. 7	Martinez, Calif.	Oil refinery	$48,950,000
May 26	Prudhoe Bay, Alaska	Crude oil flow station	40,000,000
Jan. 7	Newark, N.J.	Gasoline tank farm	35,000,000
Nov. 30	Georgetown, S.C.	Paper pulp, paper board manufacturer	20,000,000
Dec. 5	Highlands, Tex.	Petrochemical plant	20,000,000
Dec. 27	Buffalo, N.Y.	Multi-use building and exposures	20,000,000
Jan. 27	Grand Forks, N.D.	Military aircraft	15,000,000
Nov. 23	Denver, Colo.	Shopping mall	15,000,000
Dec. 11	Houston, Tex.	Dairy plant	13,080,000
Dec. 26	Griffin, Ga.	Tire tread manufacturer	13,000,000
July 11	Port Arthur, Tex.	Plastic product manufacturer	12,500,000
Sept. 20	Brunswick, Ga.	Shopping mall	11,000,000
Dec. 15	Pasadena, Calif.	Plastic products manufacturer	10,100,000
Apr. 7	Prospect, Conn.	Plastic products manufacturer	10,000,000
July 19	Eau Claire, Wis.	Hardware storage warehouse	10,000,000
Sept. 1	Memphis, Tenn.	Rice processing plant	10,000,000
May 1	Murray, Utah	Medical, dental office building	9,235,000
June 8	Unalaska, Alaska	Seafood cannery	9,000,000
Aug. 31	Chalmette, La.	Oil refinery	7,511,000
Jan. 14	Enid, Okla.	Military aircraft	7,000,000
Feb. 22	Caribou, Me.	Grain mill manufacturer	6,113,000
Apr. 5	Cochranton, Pa.	Train derailment and fire	6,000,000
Sept. 1	Lewisville, Tex.	Apartments under construction	6,000,000
Sept. 9	Middlebury, Conn.	Clock manufacturer	5,500,000
Mar. 21	Dallas, Tex.	Apartment complex	5,370,000
Mar. 21	Burnsville, Miss.	Apartment complex	5,100,000
Feb. 17	Baltimore, Md.	Department store (renovation)	5,005,000
Jan. 20	Williamsburg, Va.	Dormitory	5,000,000
Mar. 12	Stonington, Me.	Boatyard and repair facility	5,000,000
May 18	Trevor, Wis.	Wood, cork manufacturer	5,000,000
Sept. 1	Schertz, Tex.	Import retail outlet	5,000,000
Sept. 4	Los Angeles, Calif.	Church	5,000,000
Oct. 27	Hollywood, Fla.	Hotel	5,000,000
Dec. 4	North Canton, Ohio	Food packaging warehouse	5,000,000

Source: National Fire Protection Association.

The most costly fire in the United States was the San Francisco fire of 1906. The estimated loss from that fire in terms of 1982 dollars amounts to more than $3.5 billion.

The 15 Most Costly Fires in the United States

Date	Place	Property Destroyed	Estimated Loss
April 18, 1906	San Francisco, Calif.	28,000 buildings	$350,000,000
Oct. 8-10, 1871	Chicago, Ill.	17,340 buildings	175,000,000
June 6, 1982	Falls Township, Pa.	Retail distribution center	100,000,000
Nov. 25, 1982	Minneapolis, Minn.	Bank building	91,000,000
Nov. 9, 1872	Boston, Mass.	776 buildings	75,000,000
Sept. 1, 1979	Deer Park, Texas	Tank ship	70,000,000
Nov. 28, 1981	Lynn, Mass.	31 buildings	70,000,000
Apr. 16 1947	Texas City, Texas	Waterfront industrial area	67,000,000
Feb. 27, 1975	New York, N.Y.	Telephone central office	56,500,000
Feb. 7, 1904	Baltimore, Md.	80 city blocks in business section	50,000,000
Aug. 12, 1953	Livonia, Mich.	Auto transmission plant	50,000,000
Dec. 5, 1970	Linden, N.J.	Oil refinery, nearby buildings	50,000,000
Jan. 20, 1980	Borger, Texas	Refinery	50,000,000
Nov. 21, 1980	Las Vegas, Nev.	Hotel	50,000,000
Apr. 21, 1982	Anaheim, Calif.	51 buildings	50,000,000

Source: Compiled by the Insurance Information Institute.

Civil Disorders

Rioting which exploded in Miami, Fla., in May 1980 resulted in the most costly insured losses on record growing out of civil disorders. Of the 10 most costly civil disorders, all but the Miami violence and a disturbance in New York City, which occurred during a widespread power outage, occurred in the 1960s.

The 10 Most Costly U.S. Civil Disorders

Date	Locale	Estimated Insured Loss
May 17-19, 1980	Miami	$65,250,000
Aug. 11-17, 1965	Los Angeles (Watts Section)	44,000,000
July 23, 1967	Detroit	41,500,000
July 13-14, 1977	New York City	28,000,000
April 4-9, 1968	Washington, D.C.	24,000,000
July 12, 1967	Newark	15,000,000
April 6-9, 1968	Baltimore	14,000,000
April 4-11, 1968	Chicago	13,000,000
April 4-11, 1968	New York City	4,200,000
April 4-11, 1968	Pittsburgh	2,000,000

Source: Compiled by the Insurance Information Institute.

The Catastrophe Record, 1984

Catastrophic occurrences in the United States during 1984, all but one of them involving heavy winds, resulted in insured property losses estimated at $1,548,257,500. The total is the third highest on record.

A catastrophe is defined as any incident or series of related incidents in which losses involving insured property exceed $5 million, exclusive of flood losses covered under the National Flood Insurance Program. Property/casualty insurers have procedures which are put into effect in the wake of a designated catastrophe to facilitate claims payments and to help property owners restore order.

Property damage resulting from catastrophes during 1984 affected 37 states, 29 of them on two or more occasions. Missouri was involved in 10 separate catastrophes, followed by Texas in nine and Arkansas, Illinois, Louisiana and Oklahoma in seven each.

The only hurricane to reach catastrophic proportions in 1984 was "Diana," which struck North Carolina and South Carolina in September, causing insured losses of some $36 million. That loss, however, was overshadowed by the devastation of a number of other incidents. The year's most costly catastrophe was a hailstorm, accompanied by tornadoes and flooding, which inflicted insured damage of nearly $277 million in metropolitan Denver, Colo., on June 13 and 14. Late in March, 18 states from Texas to Rhode Island were victimized by wind, hail, tornadoes, snow, ice and flooding, with resulting insured losses estimated at $217 million.

The only non-wind-related catastrophe was an earthquake which struck California on April 24, causing insured property damage estimated at $10 million.

The only years in which catastrophe losses have exceeded those of 1984 have been 1983, when property losses totaled some $2.2 billion, and 1979, when two of history's most devastating hurricanes — "Frederic" and "David" — contributed to a then-record $1.7 billion in losses.

The estimates listed on the next page are based on data reported to the Property Claim Services division of the American Insurance Services Group, Inc., and to Insurance Services Office. They cover insured losses only, not total property damage.

The Catastrophe Record, 1984

Date	Place	Catastrophe	Estimated Loss Payments
Jan. 26-28	California	Wind	$ 30,000,000
Feb. 11-14	Texas, Louisiana, Alabama Mississippi, Georgia	Wind, Hail, Tornadoes, Flooding	18,000,000
Mar. 11-12	Texas	Wind, Hail, Tornadoes	20,000,000
Mar. 15-16	Oklahoma, Arkansas, Missouri, Illinois	Wind, Hail, Tornadoes	15,000,000
Mar. 18-20	Texas, Oklahoma, Kansas, Missouri	Wind, Hail, Tornadoes, Snow, Ice	25,000,000
Mar. 27-30	Texas, Louisiana, Arkansas, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, Maryland, Delaware, New Jersey, New York, Pennsylvania, Connecticut, Massachusetts, Rhode Island	Wind, Hail, Tornadoes, Snow, Ice, Flooding	217,500,000
Apr. 3-7	Missouri, Arkansas, Illinois, Kentucky, North Carolina, Virginia, Maryland, Delaware, New Jersey, New York	Wind, Hail, Tornadoes, Flooding	68,000,000
Apr. 18-19	Arkansas, Louisiana	Wind, Hail, Tornadoes	7,000,000
Apr. 20-23	Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama, Georgia	Wind, Hail, Tornadoes	41,105,000
Apr. 24	California	Earthquake	10,000,000
Apr. 25-28	North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Minnesota, Iowa, Wisconsin, Illinois	Wind, Hail, Tornadoes	92,317,500
Apr. 29-30	Texas, Oklahoma, Kansas, Missouri, Iowa, Illinois, Wisconsin, Indiana, Ohio, Mississippi, Pennsylvania, New York	Wind, Hail, Tornadoes	115,000,000
May 1-3	Texas, Louisiana, Mississippi, Alabama, Georgia, South Carolina	Wind, Hail, Tornadoes	79,000,000
May 5-9	Oklahoma, Missouri, Arkansas, Tennessee, Kentucky, North Carolina, South Carolina, Texas, Louisiana, Alabama, Mississippi, Georgia, Virginia, Maryland, Delaware, New Jersey	Wind, Hail, Tornadoes, Flooding	98,000,000
May 25-June 1	Oklahoma, Missouri, Illinois, Indiana, Pennsylvania, New Jersey, New York, Connecticut, Massachusetts, New Hampshire	Wind, Hail, Tornadoes	93,635,000
June 7-8	Kansas, Missouri, Iowa, Minnesota, Wisconsin	Wind, Hail, Tornadoes, Flooding	60,000,000
June 13-14	Colorado	Wind, Hail, Tornadoes, Flooding	276,700,000
June 16-17	South Dakota	Wind, Hail	20,000,000
June 21-23	Wyoming, Kansas, Iowa, Illinois	Wind, Hail, Tornadoes	35,000,000
July 6-7	Missouri	Wind, Hail, Flooding	10,000,000
Aug. 21	Colorado	Wind, Hail, Flooding	25,000,000
Sept. 11-14	North Carolina, South Carolina	Hurricane "Diana", Wind, Flooding	36,000,000
Oct. 8	Missouri	Wind, Hail	35,000,000
Oct. 20-26	Texas, Louisiana, Arkansas	Wind, Hail, Tornadoes, Flooding	75,000,000
Nov. 9-10	Missouri, Illinois, Georgia	Wind, Hail, Tornadoes	40,000,000
Dec. 13	Texas	Wind, Hail, Tornadoes	6,000,000

Source: Property Claim Services division, American Insurance Services Group, Inc.

Earthquakes in the United States

While much of the nation's seismic activity is centered along the Pacific Coast and in Nevada, every state is vulnerable to and has felt the effect of earthquakes. One of the nation's most tragic catastrophes was the San Francisco earthquake-fire of April 18, 1906, which nearly razed the city and took an estimated 500 lives. In the East, the greatest shock was experienced in Charleston, S.C., on Aug. 31, 1886. The Charleston earthquake caused 60 deaths and $23 million in property damage.

Although insurance against earthquake damage is generally available, relatively few property owners have taken advantage of the protection it offers.

During 1984, the only significant earthquake recorded in the United States resulted in an estimated $7.5 million of property damage in the Morgan Hill area of central California on April 24, according to the National Oceanic and Atmospheric Administration (NOAA). The agency said 21 persons sustained minor injuries.

Property damage figures in the table below are given in dollar values for the years in which the earthquakes occurred. NOAA said that in terms of 1981 dollars, the 1964 Alaska earthquake and tsunami would show the largest magnitude of $1.19 billion. The San Fernando earthquake of 1971 would rank second at $1.05 billion; the 1906 San Francisco earthquake third at $389.3 million. It must be noted, however, that in the San Francisco incident, the fire damage was much more extensive than that attributed to the earthquake.

The 10 Most Costly U.S. Earthquakes

Year	Locality	Estimated Property Damage
1971	San Fernando, Calif.	$553,000,000
1964	Alaska and West Coast of United States (tsunami damage from earthquake near Anchorage, Alaska)	500,000,000
1952	Kern County, Calif.	60,000,000
1933	Long Beach, Calif.	40,000,000
1983	Central California (Coalinga)	31,000,000
1979	Imperial County, Calif.	30,000,000
1960	Hawaii and West Coast of United States (tsunami damage from earthquake off the coast of Chile)	25,500,000
1946	Hawaii (tsunami damage from earthquake in Aleutians)	25,000,000
1949	Puget Sound, Wash.	25,000,000
1906	San Francisco, Calif.	24,000,000*

*The San Francisco catastrophe of 1906 also caused fire losses estimated at $350,000,000.

Source: National Geophysical Data Center, National Oceanic and Atmospheric Administration.

Hurricanes Reaching the United States

Five hurricanes struck the U.S. mainland in 1984, but only one of them, "Diana," reached catastrophic proportions. "Diana," which struck the Carolinas in Septemer, took three lives and caused some $36 million of insured property damage. In the last 25 years, 35 hurricanes have reached the continental United States, causing 851 deaths.

Hurricanes in the United States, 1960-1984

Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*
1960	2	65	**1968**	1	9	**1976**	1	9
1961	1	46	**1969**	2	256	**1977**	1	0
1962	0	4	**1970**	1	11	**1978**	0	35
1963	1	11	**1971**	3	8	**1979**	3	22
1964	4	49	**1972**	1	121	**1980**	1	2
1965	1	75	**1973**	0	5	**1981**	0	0
1966	2	54	**1974**	1	1	**1982**	0	3
1967	1	18	**1975**	1	21	**1983**	2	22
						1984	5	4

*Deaths include fatalities from high winds of less than hurricane force.

Source: United States Department of Commerce—National Oceanic and Atmospheric Administration.

The 10 Most Costly Insured Hurricanes

Dates	Place	Hurricane	Estimated Insured Loss
1979-Sept. 12-14	Miss., Ala., Fla., La., Tenn., Ky., W. Va., Ohio, Pa., N.Y.	"Frederic"	$752,510,000
1965-Sept. 7-10	Fla., La., Miss.	"Betsy"	715,000,000*
1983-Aug. 17-20	Texas	"Alicia"	675,520,000
1970-Aug. 3	Southeastern Texas	"Celia"	309,950,000*
1969-Aug. 17-18	La., Miss., Ala., Florida Panhandle	"Camille"	225,000,000*
1982-Nov. 23-24	Hawaii	"Iwa"	137,000,000
1954-Aug. 30-31	N.Y., Conn., R.I., Mass., Maine, N.H., N.J.	"Carol"	129,700,000*
1979-Aug. 30, Sept. 4-6	Fla., Ga., S.C., N.C., Va., Md., D.C., Del., Pa., N.J., N.Y., Conn., Mass., P.R., V.I.	"David"	122,070,000
1954-Oct. 15-16	S.C., N.C., Va., W.Va., D.C., Md., Del., N.J., Pa., N.Y.	"Hazel"	122,050,000*
1975-Sept. 16-26	Fla., Ala., Ga., Tenn., W.Va., Va., Md., Del., D.C., Pa., N.J., N.Y., Mass., Conn., R.I., P.R.	"Eloise"	119,188,500

*Fixed property loss.

Source: Compiled by Insurance Information Institute from estimates provided priore to 1984 by the American Insurance Association; in 1984 by the Property Claim Services division of the American Insurance Services Group, Inc.

Tornadoes in the United States

Although the number of tornadoes striking the United States declined slightly from 1983 to 1984, the number of resulting fatalities was the highest since 1974. The National Oceanic and Atmospheric Administration said 122 persons lost their lives in 907 tornadoes during 1984.

During the last five years, 4,757 tornadoes have caused 298 deaths in the United States.

Tornadoes in the United States, 1960-1984

Year	Tornadoes	Deaths	Year	Tornadoes	Deaths	Year	Tornadoes	Deaths
1960	616	46	**1968**	660	131	**1976**	835	44
1961	697	51	**1969**	608	66	**1977**	852	43
1962	657	28	**1970**	653	72	**1978**	788	53
1963	464	31	**1971**	888	156	**1979**	852	84
1964	704	73	**1972**	741	27	**1980**	866	28
1965	906	296	**1973**	1,102	87	**1981**	783	24
1966	585	98	**1974**	947	361	**1982**	1,046	64
1967	926	114	**1975**	920	60	**1983**	931	34
						1984	907	122

Source: National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Five Year Totals, Tornadoes by State, 1979-1983*

State	Tornadoes	Deaths	Injuries	State	Tornadoes	Deaths	Injuries
Alabama	131	5	277	Montana	22	1	1
Alaska	0	0	0	Nebraska	126	5	205
Arizona	13	0	3	Nevada	4	0	0
Arkansas	156	21	355	New Hampshire	2	0	0
California	38	0	39	New Jersey	8	0	0
Colorado	177	0	45	New Mexico	34	0	0
Connecticut	3	3	500	New York	21	3	10
Delaware	3	2	14	North Carolina	64	3	42
District of Columbia	0	0	0	North Dakota	112	0	2
Florida	364	8	309	Ohio	83	6	209
Georgia	101	0	63	Oklahoma	345	17	497
Hawaii	5	0	0	Oregon	3	0	0
Idaho	7	0	0	Pennsylvania	68	1	169
Illinois	108	16	386	Rhode Island	0	0	0
Indiana	69	6	67	South Carolina	47	0	78
Iowa	186	7	168	South Dakota	162	1	10
Kansas	176	5	117	Tennessee	45	2	29
Kentucky	43	3	85	Texas	874	77	2,292
Louisiana	149	7	186	Utah	5	0	0
Maine	1	0	0	Vermont	2	0	0
Maryland	16	0	18	Virginia	33	1	26
Massachusetts	5	2	6	Washington	12	0	0
Michigan	84	7	115	West Virginia	15	1	18
Minnesota	105	2	116	Wisconsin	140	7	143
Mississippi	79	6	144	Wyoming	81	1	47
Missouri	149	8	230	Puerto Rico	2	0	0
				Countrywide Totals	4,454**	234	7,021

*1984 data by state not available.

**Corrected for boundary-crossing tornadoes.

Source: National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Motor Vehicle Accidents

Traffic fatalities in the United States showed the first increase in five years in 1984. The death toll of 46,200 was 4.1 percent higher than that of 1983, but still considerably below the record 53,524 fatalities of 1979. Factors believed to have caused the turnaround in the nation's highway safety record include the robust economy and stable gasoline prices which resulted in more driving in 1984. Also, authorities say motorists are driving at a faster rate, with a steady increase in the number of drivers exceeding the legal 55 mph speed limit.

The economic cost of motor vehicle accidents continued to rise because of steady increases in the costs of caring for the victims, repairing the damage and providing other related services. The $69 billion figure in 1984 was equivalent to a total of about $290 for every person in the United States.

The economic loss includes property damage, medical costs, lost productivity, the costs of emergency services, legal and court costs and public assistance programs, and insurance administration expenses.

Motor Vehicle Accidents, 1984

Accidents*	30,900,000
Deaths**	46,200
Injuries*	4,850,000
Economic Loss***	$69,000,000,000

*Insurance Information Institute estimates.

**National Safety Council.

***Insurance Information Institute estimate based on information from the National Center for Health Statistics, National Health Survey.

Traffic Deaths, 1975-1984

Year	Deaths	Annual % Change	Death Rate per 100 Million Vehicle Miles	Ratio of Deaths to Motor Vehicle Registrations	Death Rate per 10,000 Motor Vehicles
1975	45,853		3.45	1 to 3,036	3.33
1976	47,038	+ 2.6	3.33	1 to 3,027	3.28
1977	49,510	+ 5.3	3.35	1 to 3,007	3.33
1978	52,411	+ 5.9	3.39	1 to 2,931	3.41
1979	53,524	+ 2.1	3.50	1 to 2,937	3.35
1980	53,172	− 0.7	3.50	1 to 3,039	3.29
1981	51,385	− 3.4	3.30	1 to 3,197	3.13
1982	45,779	−10.9	2.88	1 to 3,611	2.77
1983	44,400	− 3.0	2.69	1 to 3,777	2.62
1984	46,200	+ 4.1	2.68	1 to 3,668	2.65

Source: National Safety Council (ratio of deaths to registrations compiled by Insurance Information Institute).

Sex of Drivers

Males comprised about 52 percent — some 82.4 million — of the nation's estimated 157.3 million drivers in 1984. While males were involved as drivers in almost twice as many accidents as were females, the National Safety Council attributes the difference at least partly to the amount of driving done by members of each sex and to differences in the times, places and circumstances that the driving is done.

On the basis of the numbers of miles driven, the rate of involvement in all accidents in recent years has ranged from less than 2 percent (in 1983) to 16 percent higher among males than among females. In fatal accidents, however, the involvement rate of male drivers in most years is more than double that of female drivers.

Sex of Drivers Involved in Accidents, 1975-1984

	Drivers in All Accidents				Drivers in Fatal Accidents			
	Male		Female		Male		Female	
Year	Number	Rate*	Number	Rate*	Number	Rate**	Number	Rate**
1975	19,100,000	212	8,400,000	195	46,500	52	9,600	22
1976	19,600,000	206	8,800,000	191	48,100	51	10,900	24
1977	20,600,000	209	9,300,000	193	51,900	53	11,800	25
1978	21,700,000	209	9,800,000	192	51,500	50	15,500	30
1979	20,600,000	202	9,100,000	180	52,700	52	12,500	25
1980	20,100,000	200	9,700,000	192	56,100	56	12,200	24
1981	20,500,000	200	9,500,000	183	53,200	52	11,800	23
1982	20,600,000	198	9,900,000	186	48,800	47	11,500	22
1983	20,400,000	187	10,300,000	184	46,300	43	11,700	21
1984	21,800,000	192	11,200,000	190	47,600	42	13,300	23

*Number of drivers in all accidents per 10,000,000 miles driven.
**Number of drivers in fatal accidents per 1,000,000,000 miles driven.

Source: National Safety Council estimates.

Types and Locations of Auto Accidents

Although some seven out of 10 of the nation's automobile accidents occur in urban locations, nearly two-thirds of the resulting fatalities occur in rural areas. National Safety Council compilations show that in 1984 rural accidents accounted for nearly 63 percent of all highway fatalities but only 43 percent of non-fatal injuries.

The urban-rural proportions vary considerably for specific types of accidents, however. In 1984, for example, more than 73 percent of all pedestrian fatalities occurred in urban areas, while rural accidents accounted for more than eight of every 10 deaths resulting from noncollision accidents and nearly seven out of 10 deaths resulting from collisions involving two or more motor vehicles. Conversely, the injury rate is greater in urban areas in accidents involving more than one car. (See table, next page.)

Motor Vehicle Deaths and Injuries by Type of Accident, 1984

		Deaths			Injuries	
Type of Accident	Total	Urban	Rural	Total	Urban	Rural
Collision with:						
Pedestrian	8,200	6,000	2,200	80,000	70,000	10,000
Other motor vehicle	20,300	6,500	13,800	1,270,000	780,000	490,000
Railrod train	700	300	400	4,000	3,000	1,000
Pedalcycle	1,000	600	400	40,000	30,000	10,000
Animal, animal-drawn vehicle	100	*	100	6,000	2,000	4,000
Fixed object	3,200	1,800	1,400	60,000	35,000	25,000
Noncollision	12,700	1,900	10,800	240,000	40,000	200,000
Totals	46,200	17,100	29,100	1,700,000	960,000	740,000

*Fewer than five.

Source National Safety Council estimates.

Claim Costs, Auto Accidents

The costs of insurance claim settlements and court awards resulting from auto accidents have risen steadily in recent years. From 1975 through 1984, the average paid bodily injury claim rose 132.9 percent from $2,646 to $6,163; the average paid property damage liability claim climbed approximately 152.8 percent from $445 to $1,125.

Countrywide Average Paid Claim Costs* Liability Insurance, Private Passenger Cars

Year	Bodily Injury	Property Damage	Year	Bodily Injury	Property Damage
1975	$2,646	$445	**1980**	$4,010	$ 787
1976	2,583	490	**1981**	4,453	889
1977	2,890	544	**1982**	5,041	958
1978	3,123	622	**1983**	5,699	1,020
1979	3,559	715	**1984**	6,163	1,125

*For all limits combined, and including all loss adjustment expenses. For bodily injury liability, dollar averages exclude Massachusetts (for all years) and most states which have no-fault automobile insurance laws. For property damage liability, dollar averages exclude Massachusetts, Michigan and South Carolina.

NOTE: An apparent decline in 1976 in the amount of the average paid bodily injury claim is the result of an adjustment resulting from a change in the data base, and does not necessarily reflect an improvement in the claims experience. The revised data base has been applied to all claims figures for 1976 and succeeding years, but not to the figures for 1975.

Source: Insurance Services Office.

The Drinking Driver

The battle against drunk driving, which is blamed for upwards of 20,000 traffic deaths each year, continued to gain momentum in 1985 as several additional states took steps to bar the consumption of alcoholic beverages by persons under age 21 and many states took or were considering other deterrents.

As of mid-1985, 30 states had put into effect a legal drinking age of 21 and seven other states had established 21 as the legal drinking age for all alcoholic beverages effective at a later date. Three other states and the District of Columbia prohibit the use of liquor by persons under age 21, but had taken no action to bar the consumption of beer or wine at an earlier age (see table, Pages 80 and 81).

Federal legislation signed by President Reagan in 1984 calls for the withholding of federal highway funds from states which fail to adopt a minimum drinking age of 21, applicable to all alcoholic beverages, by Oct. 1, 1986. The measure, which the President said was needed to eliminate "a crazy quilt of state drinking laws" that encourage young people to drive to nearby states with lower drinking ages, had the strong support of such grass-roots groups as Mothers Against Drunk Drivers (MADD) and Remove Intoxicated Drivers (RID).

Most of the states have strengthened their anti-drunk driving laws in recent years. Among deterrents now in use are license suspensions for first offender drunk drivers (with tougher penalties for subsequent offenses), roadside sobriety checks and laws or court rulings holding servers of alcoholic beverages liable for actions of intoxicated patrons or guests.

In Massachusetts, "happy hours" were banned under a law signed in November 1984. The law outlaws half-price, two-for-the-price-of-one, all-you-can-drink and other similar alcohol promotions. Similar legislation has been introduced in several other states, and a few counties and municipalities around the country have enacted local anti-happy hour ordinances.

The campaign to toughen drunk driver laws gained a new form of support in 1985 when the American Medical Association proposed a 50 percent cut in the blood-alcohol level at which a person is presumed to be intoxicated. At its annual meeting, the association adopted a resolution urging that a blood-alcohol level of .05 percent be used as the legal limit for drivers, replacing the current standard of .10 percent used by most states.

The AMA's Council on Scientific Affairs said research shows that when a person has a .05 percent alcohol level, the probability of causing an auto accident is about the same as for a sober person. However, the doctors said, when the level is even slightly above that mark, the probability rises sharply as reflexes and judgment become impaired.

Measures by the States to Curb Drunk Driving*

State	Drinking Age	1st Offense License Suspension	Blood Alcohol Concentration (BAC) defining Driving While Intoxicated	Laws or Court Cases Holding Alcoholic Bev. Servers Liable	
				Statute	Court
Alabama	21[1]	90 days	0.10	yes	
Alaska	21	90 days	0.10	yes	yes
Arizona	21	90 days	0.10		yes
Arkansas	21	90 days	0.10		
California	21	96 hrs.-6 mos.	0.10	yes	
Colorado	21; 18, 3.2 beer	1 yr. (.15 BAC)	0.15[7]	yes	yes
Connecticut	21	6 mos.	0.10	yes	
Delaware	21	3 mos.	0.10[7]		
District of Columbia	21; 18 beer & wine	12 mos.	0.10[7]		
Florida	21[1]	6 mos.	0.10	yes	
Georgia	20 (21 as of 9/30/86)	1 yr.	0.12[7]	yes	
Hawaii	18	90 days	0.10		yes
Idaho	19	180 days	0.10[7]		yes
Illinois	21	1 yr. min.	0.10	yes	
Indiana	21	60 days-1 yr.	0.10		yes
Iowa	19	180 days	0.13[7]	yes	
Kansas	21; 19, 3.2 beer[2]	Limited use, 90 days	0.10		
Kentucky	21[3]	30 days-6 mos.	0.10		yes
Louisiana	18	60 days	0.10		yes
Maine	21	45-90 days	0.10 (.02 under 21)	yes	
Maryland	21	60 days max.	0.13		
Massachusetts	21	30 days-1 yr.	0.10		yes
Michigan	21	6 mos.-1 yr.	0.10	yes	
Minnesota	19	30 days	0.10	yes	
Mississippi	21; 18, 3.2 beer[4]	90 days-1 yr.	0.10		yes
Missouri	21	30 days	0.13[7]		yes
Montana	19	6 mos.	0.10		
Nebraska	21	6 mos.	0.10		
Nevada	21	90 days (rev.)	0.10		
New Hampshire	21	90 days-2 yrs.	0.10		
New Jersey	21	6 mos.	0.10		yes
New Mexico	21	90 days	0.10 (.05 under 18)	yes	yes
New York	19 (21 as of 12/1/85)	6 mos.	0.10	yes	
North Carolina	21; 19, beer & wine[5]	1 yr.	0.10	yes	yes
North Dakota	21	91 days	0.10	yes	
Ohio	21; 19, beer	60 days	0.10	yes	
Oklahoma	21	6 mos.	0.10		
Oregon	21	1 yr.	0.08	yes	yes
Pennsylvania	21	1 yr.	0.10	yes	
Rhode Island	21	3-6 mos.	0.10	yes	
South Carolina	21; 20, beer & wine[6]	6 mos.	0.10		
South Dakota	21; 19, 3.2 beer	30 days	0.10		yes
Tennessee	21[1]	1 yr.	0.10		
Texas	19 (21 as of 9/1/86)	90 days-1 yr.	0.10[7]		yes
Utah	21	90 days	0.08	yes	
Vermont	18	3 mos.-1 yr.	0.10	yes	
Virginia	21[1]	6 mos.	0.15[7]		yes
Washington	21	90 days	0.10		yes
West Virginia	19	6 mos.	0.10		
Wisconsin	19	3 mos.	0.10		yes
Wyoming	19	90 days	0.10	yes	yes

*All data are as of July 1, 1985.

[1] "Grandfather clause"—persons under 21 reaching previous legal drinking age before a certain date retain their drinking age status; [2] drinking age

Source: Insurance Information Institute.

Pending Legislation	Special Measures
Admin. susp. at .10	
	Governor's advisory council
	Toll-free number to report DWI suspects; roadblocks
Drinking age 21; revocation .10 BAC	Administrative license revocation; REDDI[9] line
Ban on "happy hours"	
Bar alcohol incentives; require DWI to name servers	Statewide rehabilitation program
Ban on "happy hours," alcohol advertising	Required high school courses on drinking and driving
Drinking age 21; increase DWI penalties	Mand. educ.; roadblocks; alc. to minors by parents only
Drinking age 21	Toll-free REDDI[9] hot line
Admin. suspension for test refusal	
Drinking age 21; BAC .10; BAC machines in taverns	Toll-free hot line; CB radio watch
Restrict license 2nd offense	REDDI[9] hot line
	30-day suspension with educ. pgm.; 6 mos. without
Drinking age 21	Mandatory education & community service; "hardship" law
48 hours in jail or community svc. for 2nd offense	
	Ban on "happy hours"
Increased DWI, open container penalties	
Drinking age 21; increased penalties; roadblocks	Administrative suspension at BAC .10
Withhold workers' comp. benefits if employee DWI	Rehab. program with incentives (reduced suspension)
	Admin. rev. at .13, plus 60-day restricted use; REDDI[9]
Drinking age 21[8]	Montanans Against Drunk Drivers organization
Dram shop liability; stronger penalties	Trooper incentive program; REDDI[9] program
DWI license revocation	2 days jail or pub svc; admin rev; 3d DWI 7 yrs felony
Jail for DWI injury or death; DWI bill of rights	$1,000 surcharge for convicted drivers
Ban on "happy hours;" bar drive-through sales	Administrative license revocation pending hearing
	"STOP DWI" education program
	REDDI[9] program; education program for 1st offenders
	Driving while impaired .05-.10 BAC
	CB reporting system; governor's task force; REDDI[9]
Ban on happy hours; increased penalties	Toll-free hot line
	Open container law
48 hours in jail for 2nd offense DWI	
	Mandatory education requirement; trooper incentive pgm.
	Mandatory education program for 1st offense; hot line
$100 fine all DWI	Jail or community svc 1st offense; REDDI[9] program
Drinking age 21	
28-day suspension 1st offense; admin. susp. for .10 BAC	
Admin. rev. for non-residents; BAC .08	Toll-free hot line; CB radio reporting system; gov's task force
	Administrative license suspension
Drinking age 21	
Age 21; BAC .08; no plea barg. at .10	Toll-free REDDI[9] hot line

for 3.2 beer increases to 20 as of 7/1/86 and to 21 as of 7/1/87; [3]drivers under 18 lose licenses for 6 months or until 18; [4]drinking age for all beverages 21 as of 10/1/86; [5]drinking age for all beverages 21 as of 9/1/86; [6]drinking age for all beverages 21 as of 9/14/86; [7]per se definition (state has lower "presumed intoxicated" BAC number); [8]requires change in state constitution, to be submitted to electorate in November 1985; [9]REDDI is an acronym for Report Every Drunk Driver Immediately.

Accidental Deaths

Accidents in the United States in 1984 took approximately 92,000 lives. The toll was fractionally higher than the 1983 total.

An increase in motor vehicle deaths was partially offset by decreases in public (non-motor vehicle) fatalities and deaths in accidents in the work place. The estimated number of deaths in home accidents was the same as in 1983.

Accidental Deaths, 1983-1984

	1984	1983	% Change
All Accidents	92,000	91,500	+ 1%
Motor Vehicle	46,200	44,400	+ 4
Home	20,000	20,000	NC
Work	11,500	11,600	− 1
Public (non-motor vehicle)	18,500	19,500	− 5

NOTE: Death figures shown for the four separate classifications total more than the "All Accidents" figure due to rounding and because some deaths are included in more than one classification.

Source: National Safety Council.

Deaths in Home Accidents

Falls and fires, the first and second leading causes of accidental deaths in the home, accounted for approximately half of such fatalities in 1984, according to National Safety Council estimates. The number of deaths attributed to home accidents has been declining for many years.

Numbers and Types of Home Accident Deaths, 1975-1984

			Suffocation:		Poisoning by:				
Year	Falls	Fires, Burns*	Ingested Object	Other	Solids, Liquids	Gases, Vapors	Firearms	Other	Total
1975	8,000	5,000	1,800	800	3,700	1,000	1,300	3,400	25,000
1976	7,700	5,200	1,800	700	3,300	1,000	1,200	3,100	24,000
1977	7,400	5,000	1,800	800	2,700	1,000	1,100	3,400	23,200
1978	7,400	5,100	1,800	800	2,400	1,100	1,000	3,200	22,800
1979	7,100	4,900	2,000	500	2,500	900	1,100	3,500	22,500
1980	7,100	4,800	2,000	500	2,500	700	1,100	4,100**	22,800
1981	6,800	4,700	2,000	500	2,600	800	1,000	3,300	21,700
1982	6,500	4,300	2,100	600	2,700	800	1,000	3,200	21,200
1983	6,000	3,700	2,100	600	2,500	800	1,000	3,300	20,000
1984	6,100	3,900	1,900	600	3,100	800	900	2,700	20,000

*Includes deaths resulting from conflagrations, regardless of nature of injury.

**Includes about 1,000 excessive heat deaths due to summer heat wave.

Source: National Safety Council estimates.

Accidents by Age of Drivers

Compilations based on reports from state traffic authorities show that drivers under age 25 are involved in a disproportionately high number of traffic accidents. According to the National Safety Council, drivers in that age group made up 20.7 percent of the motoring population of the United States in 1984, but comprised 32.7 percent of the drivers involved in all accidents as well as in fatal accidents. Drivers in the 20-24 age bracket and drivers 75 years of age and older shared the worst fatal accident rate in 1984 — 67 per 100,000 drivers. Drivers in the 20-24 group also had the highest overall accident rate — 34 per 100 drivers.

Accidents by Age of Drivers, 1984

							Driver Involvement Rate	
Age Group	Number of Drivers	% of Total	Drivers in All Accidents	% of Total	Drivers in Fatal Accidents	% of Total	All*	Fatal**
Under 20	14,400,000	9.1%	4,500,000	13.6%	7,600	12.5%	31	53
20-24	18,300,000	11.6	6,300,000	19.1	12,300	20.2	34	67
25-34	38,000,000	24.2	8,300,000	25.2	15,500	25.4	22	41
35-44	29,800,000	19.0	5,300,000	16.1	10,700	17.6	18	36
45-54	22,700,000	14.5	3,200,000	9.7	5,500	9.0	14	24
55-64	18,900,000	12.0	2,800,000	8.5	4,200	6.9	15	22
65-74	11,900,000	7.5	1,500,000	4.5	2,900	4.8	13	24
75 and over	3,300,000	2.1	1,100,000	3.3	2,200	3.6	33	67
Totals	157,300,000	100.0	33,000,000	100.0	60,900	100.0	21	39

*Drivers in all accidents per 100 drivers in each age group.

**Drivers in fatal accidents per 100,000 drivers in each age group.

Source: National Safety Council

Automobile Repair Costs

The cost of repairing automobiles continues to climb because of steady increases in the costs of parts and labor. A 1985 study by the Alliance of American Insurers showed that the costs of the parts and paint to reconstruct a totally-demolished 1985 American-made two-door sports coupe would be 3.5 times the vehicle's factory sticker price. The study found that the replacement parts and paint would cost $37,014, not including labor charges, as compared to the car's sticker price of $10,682. The car selected for the study was equipped with various popular options. Rising insurance costs reflect the fact that coverages which pay for vehicular damage typically account for about two-thirds of the total cost of an insurance policy on a late-model car, with the other one-third covering personal injury.

A study of labor rates in key areas around the country indicates a range of $16.00 to $34.19 an hour in April 1985 and an average hourly rate of $20.70 — up from $20.07 in January (see table, Page 50). The table below reflects a 12 percent increase in a three-year period in the cost of replacing frequently damaged parts of the same popular model 1982 car.

Cost of Replacing Selected Parts, 1982 and 1985

	1982 Oldsmobile Cutlass Supreme 2-door sedan damaged in:			
	April 1982		April 1985	
	Parts	Labor*	Parts	Labor**
Front Bumper Assembly	$ 936.91	$ 49.62	$1,048.49	$ 57.96
Grille and Headlight Assemblies	449.81	54.93	528.20	64.17
Hood Assembly	399.04	44.30	466.73	51.75
Front Fender Assembly (one side)	347.10	65.56	336.35	76.59
	$2,132.86	$214.41 $2,347.27	$2,379.77	$250.47 $2,630.24

*$17.72 an hour.

**$20.70 an hour.

Sources: Parts costs: Insurance Institute for Highway Safety, Motor Crash Estimating Guides, April 1982 and April 1985; labor costs, Allstate Insurance Company.

Low Speed Crash Tests

Bumpers on 1985 model automobiles vary widely in their ability to protect the cars in low speed impacts, according to the Insurance Institute for Highway Safety (IIHS). The Washington-based Institute reported at a U.S. Senate committee hearing that while many manufacturers say their 1985 models are equipped with "5 mph" bumpers, most such vehicles have weaker bumpers than those required under a former federal rule.

IIHS said that because of the variations in bumper performance, it divided the results of its latest series of 5 mph crash tests into three categories: strong 5 mph bumpers prevent damage to both the car body and the bumper; weak 5 mph bumpers prevent damage to the car body but not to the bumper; the weakest bumpers do not prevent damage to either the car body or the bumper. Most 1985 models fit into the second category, the Institute said its crash tests showed.

An IIHS spokesman told the Senate Commerce, Science and Transportation Committee that the weak 5 mph bumpers meet the requirements of Phase 1 of the National Highway Traffic Safefy Administration's first no-damage bumper rule, which applied only to 1979 models. Under those requirements, bumper systems had to protect cars in 5 mph barrier impacts, although the bumpers themselves could be damaged.

The standard was strengthened in September 1979 to require bumper systems to prevent damage to the car body and to the bumper in the same tests. The Department of Transportation lowered the standard to a

2.5 mph requirement in 1982. Sen. John C. Danforth (R.-Mo.), chairman of the Senate committee, said restoration of the stronger 5 mph standard was under consideration.

IIHS singled out these highlights of its crash tests of 1985 model cars:

- Honda's 1985 Accords have been equipped with energy absorbers on their bumper systems for the first time since the 1982 model year. While the systems are still weaker than those on the 1982 models, damage in crash tests of the 1985 Accord generally was much lower than that sustained by the 1984 model.
- The 1985 Oldsmobile Ciera, equipped with a redesigned, "yet weaker and heavier" rear bumper, sustained three times the damage in a 5 mph rear-into-pole test than the 1984 version.
- Oldsmobile's 1985 Calais and Pontiac's 1985 Grand Am each sustained more than $100 damage in the 5 mph front-into-barrier test. IIHS said that while the manufacturer describes the bumpers on those cars as having 5 mph protection, the Grand Am allowed damage to the car body as well as to the bumper system in the 5 mph flat barrier test.
- While crash test results for the 1985 Ford Thunderbird were better than those for most cars tested in 1985, the bumpers on that car were "not as good" as those on its 1980-82 models.
- Although the Nissan 200SX performed well in the 5 mph flat barrier tests, damage in the angle barrier and rear-into-pole tests was greater than that for any other car tested.

Crash test results summarized in the table below illustrate the wide variations in damage allowed to different car models in tests at the same speed.

Damage Repair Costs, 5 mph Crash Test Results

Car Model	Front into Barrier	Rear into Barrier	Front into Angle Barrier	Rear into Pole
1984 Honda Accord	$350	$470	$338	$1,047
1985 Honda Accord	36	33	410	527
1984 Oldsmobile Ciera	0	0	313	288
1985 Oldsmobile Ciera	0	33	469	923
1985 Oldsmobile Calais	139	52	514	286
1985 Pontiac Grand Am	289	216	570	434
1985 Ford Thunderbird	0	0	233	356
1985 Nissan 200SX	0	0	868	1,112

Source: Insurance Institute for Highway Safety.

Auto Collision Insurance Claims

Sports and specialty cars, many of them foreign-made, dominated the list of 1984 model cars with the worst insurance collision coverage loss experience, according to the Highway Loss Data Institute (HLDI). HLDI said eight of the 10 vehicles with the poorest collision records were sports or specialty models; two were small two-door models. Six of the 10 were imports.

Of 11 passenger vehicles shown to have the best insurance collision results, all were either large or midsize models and 10 were American-made.

The findings grew out of a study of the frequencies and sizes of collision coverage claims for damage to 1982, 1983 and 1984 model cars. The results, based on data provided by 13 auto insurers, were reported separately for high-volume and low-volume cars. High-volume vehicles are those with at least 1 percent of the total experience for the model year.

HLDI said that with 1984 models, claim frequencies, average loss payments per claim and average loss payments per insured vehicle year all decreased with increasing vehicle size in all body style groups.

Of the high-volume models, the car shown to have the best record was General Motors' Chevrolet Caprice with a result 43 percent better than the average for all cars. The high-volume car with the poorest record was the Pontiac Firebird, a midsize sports car, with a result 74 percent worse than average.

Among the low-volume models, the Plymouth Voyager passenger van had the best result, 54 percent better than average. The Porsche 944 Coupe fared the worst, 139 percent poorer than the all-car average.

The table on the next page lists the cars in the high-volume and low-volume groupings with the best and the worst collision loss experience based on average loss payments per insured vehicle year. The chart compares the collision loss experience of the 1984 models by car size and body style group.

The table below compares the collision loss experience of 1984 model passenger cars during their first year of availability, 1983 models during their first two years and 1982 models during their first three years.

Insurance Losses, Collision Coverages, in Years Since Introduction, 1982, 1983 and 1984 Models, Passenger Cars

Model Year	Years Since Introduction	Claim Frequency Per 100 Insured Vehicle Years	Average Loss Payment Per Claim	Average Loss Payment Per Insured Vehicle Year
1984	1st	10.0	$1,530	$153
1983	2nd	9.7	1,479	143
1982	3rd	9.2	1,430	131

Source: Highway Loss Data Institute.

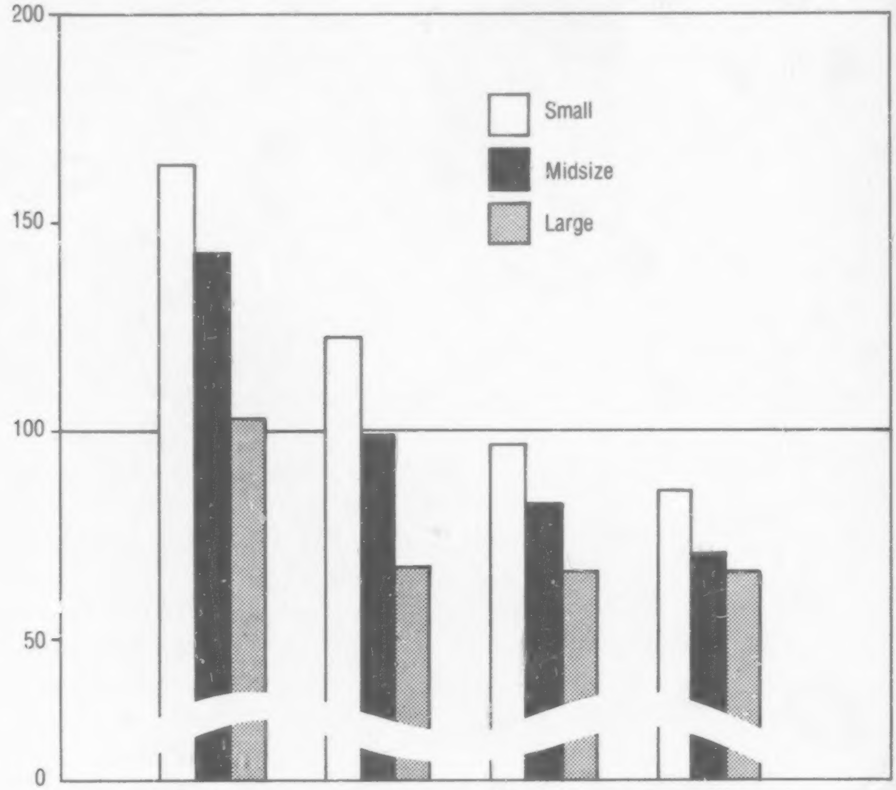
Relative Average Loss Payments Per Insured Vehicle Year for 1984 Model Year Passenger Vehicles With the Best and the Worst Collision Coverage Results*

	Best			Worst		
HIGH VOLUME (At least 1% of total exposure)	Chevrolet Caprice	4-Dr.	57	Pontiac Firebird	Sp.	174
	Oldsmobile Delta 88	4-Dr.	60	Chevrolet Camaro	Sp.	160
	Buick LeSabre	4-Dr.	71	Toyota Celica	2-Dr.	126
	Chevrolet Celebrity	4-Dr.	75	Ford Thunderbird	Sp.	118
	Toyota Camry	4-Dr.	75	Pontiac Fiero	Sp.	117
	Oldsmobile Ciera	4-Dr.	75			
LOW VOLUME (Less than 1% of total exposure)	Plymouth Voyager	P.V.	46	Porsche 944 Coupe	Sp.	239
	Oldsmobile Firenza	S.W.	48	Nissan 300ZX	Sp.	236
	Chevrolet Caprice	2-Dr.	50	BMW 318i	Sp.	212
	Dodge Caravan	P.V.	51	Volkswagen Scirocco	2-Dr.	202
	Mercury Grand Marquis	4-Dr.	57	Nissan 300ZX 2+2	Sp.	199

*100 represents $153, the average for all 1984 passenger vehicles.
(P.V. = Passenger Van; S.W. = Station Wagon; Sp. = Sports or Specialty.

Source: Highway Loss Data Institute.

Collision Coverages
Relative Average Loss Payments Per Insured Vehicle Year By Car Size and Body Style Group, 1984 Models



Source: Prepared by Insurance Information Institute based on data developed by the Highway Loss Data Institute.

Automobile Personal Injury Insurance Claims, Passenger Cars

Among 1981-83 model passenger cars, large station wagons and specialty models and regular four-door models have had the best overall record of personal injury claims in auto crashes, according to a 1984 study by the Highway Loss Data Institute (HLDI). As in past years, the study showed that the cars with the worst injury loss experience were predominantly small two-door models, most of them foreign-made.

The survey of medical claim frequencies for injuries to occupants of the late-model cars was based on "no-fault" personal injury protection experience in 19 states. Claim frequencies were calculated for all medical claims and also for injury claims exceeding $250, $500 and $1,000, using data provided by 11 auto insurers.

The car with the best experience was the four-door Oldsmobile Delta 88 station wagon, with an overall claim frequency rate 41 percent below the average for all cars. The Delta 88, classified as a large model, also had the lowest frequency of claims exceeding $1,000.

Twelve cars were found to have at least one claim frequency result that was more than 35 percent better than the result for all cars combined, as shown in the table at the top of the next page. Of the 12 models with the best injury experience, nine were manufactured in the United States by General Motors.

The Oldsmobile Cutlass station wagon had the lowest relative frequency of claims greater than $250, as well as the lowest frequency of claims exceeding $500.

As shown in the second table on the next page, 15 models had at least one claim frequency more than 35 percent worse than the all-car result for any of the claim size categories. All but one of the cars on the "worst" list were either small subcompacts or subcompacts, most of them two-door models. Twelve of the 15 were imported models, 11 from Japan.

The two-door Pontiac 1000, a small subcompact, had the poorest experience with a relative claim frequency 56 percent higher than the average. The Dodge Challenger, the two-door Chevrolet Chevette and the Plymouth Colt had the highest frequencies of claims exceeding $250, $500 and $1,000 respectively.

HLDI noted that claims exceeding $250 represented less than half of all claims but nearly 96 percent of the total dollars in claim payments. Claims in excess of $1,000 accounted for more than 83 percent of the total dollars.

In the exhibits on the next page, tabulations of car models with the best and worst injury loss experience are presented in relative terms, with 100 representing the average claim frequency for all passenger cars.

1981-1983 Passenger Cars With the Best Loss Experience, Relative Injury Claim Frequencies, Personal Injury Protection Coverages

				Relative Claim Frequencies By Size of Claim**		
Make & Series	Body Style	Car Size*	All	Over $250	Over $500	Over $1,000
Oldsmobile Delta 88	4-Door	L	59	58	58	59
Oldsmobile Cutlass	Sta. Wgn.	C	60	50	44	
Oldsmobile Ninety Eight	4-Door	L	60	71	74	78
Oldsmobile Custom Cruiser	Sta. Wgn.	L	61	60		
Mercedes Benz 300 SD	Spec.	L	61			
Buick Regal	Sta. Wgn.	C	62	55		
Buick LeSabre	4-Door	L	62	62	62	69
Chevrolet Caprice	Sta. Wgn.	L	65	59	60	
Oldsmobile Toronado	Spec.	L	66	60	61	
Mercedes Benz 240D	Spec.	C	67	57		
Pontiac Bonneville	Sta. Wgn.	C	69	63	60	
Volvo 245	Sta. Wgn.	SC	70	58		

*SC (Small Compact): Wheelbase more than 101 inches to 106 inches; C (Compact): Wheelbase more than 106 inches to 111 inches; L (Large): Wheelbase greater than 111 inches.

**Numbers reflect the frequency of claims for each model relative to the value 100 which represents the average for all models.

Source: Highway Loss Data Institute.

1981-1983 Passenger Cars With the Worst Loss Experience, Relative Injury Claim Frequencies, Personal Injury Protection Coverages

				Relative Claim Frequencies By Size of Claim**		
Make & Series	Body Style	Car Size*	All	Over $250	Over $500	Over $1,000
Pontiac 1000	2-Door	SS	156	149	145	
Nissan Pulsar#	2-Door	SS	148			
Dodge Colt	2-Door	SS	148	145	145	145
Plymouth Sapporro	2-Door	S	145	150		
Renault LeCar	2-Door	SS	144			
Chevrolet Chevette	2-Door	SS	142	148	146	143
Subaru Hardtop	2-Door	S	141	145	143	
Nissan Sentra##	4-Door	SS	140	153		
Toyota Corolla	2-Door	SS	140	147	145	145
Plymouth Colt	2-Door	SS	139	152	141	148
Dodge Challenger	2-Door	S	138	154		
Toyota Starlet	2-Door	SS	135	141	138	
Toyota Corolla	4-Door	SS	132	136	140	137
Datsun 200SX	2-Door	SS	132	132	135	136
Chevrolet Cavalier##	2-Door	SC	129	126	132	136

*SS (Small Subcompact): Wheelbase up to 96 inches; S (Subcompact): Wheelbase more than 96 inches to 101 inches; SC (Small Compact): Wheelbase more than 101 inches to 106 inches.

**Numbers reflect the frequency of claims for each model relative to the value 100 which represents the average for all models.

# 1983 models only.

## 1982 and 1983 models only.

Source: Highway Loss Data Institute.

Insured Automobile Theft Losses

Luxury cars and sports cars continue to be favorite targets of automobile thieves, according to the Highway Loss Data Institute (HLDI). In a report describing variations in the frequency and size of insurance theft losses involving 1982, 1983 and 1984 model cars, HLDI said sports and specialty cars in each model year account for less than 20 percent of the total insurance exposure but more than 50 percent of the dollars paid in theft claims.

The HLDI study summarized findings involving theft claims for 1984 model passenger vehicles during their first year of availability, 1983 models during their first two years and 1982 models during their first three years. It took into account any theft losses paid under the comprehensive portion of automobile insurance policies, including those involving thefts of items from cars as well as thefts of the vehicles themselves.

In each of the three years, station wagons were shown to have the best overall theft claim record.

HLDI said European imports generally have the highest frequency of theft claims, although with many models a relatively low average claim payment suggested that a substantial proportion of the claims is for stolen components rather than total vehicle thefts. An easily accessible radio is considered a major cause of the high frequency of claims involving the European-made cars, the report noted.

HLDI said the Volkswagen Rabbit convertible was shown to have by far the highest reported theft claim frequencies, averaging approximately 14 times the average for all models combined in each model year. Among cars produced in the United States, the 1982 Chevrolet Corvette had the highest theft claim frequency, nearly six times the all-car average (the theft claim frequency of the redesigned 1984 Corvette proved to be slightly below average).

The report listed 12 car models whose theft claim frequency in at least one of the three years was less than one-fifth the average for all cars combined. Of the 12, 10 are domestic models and two are versions of the Japanese-made Subaru station wagon. The 1984 four-door Mercury Topaz was shown to have the lowest theft claim frequency, about one-eighth the all-car frequency. The four-door Chevrolet Citation had the lowest theft claim frequency among the 1983 models, and the Pontiac J2000 station wagon had the best record among the 1982 models.

Among the individual makes and models summarized in the report, the 1982 Chevrolet Corvette had the highest average loss payment per insured vehicle year — more than 16 times the all-car average. The Mercedes Benz 380SEL had the highest average loss payment per insured vehicle year among 1983 models; the Volkswagen Rabbit convertible the highest among 1984 models.

Cars with the lowest average loss payments per insured vehicle year were the 1982 Dodge Aries station wagon, the 1983 Oldsmobile Firenza station wagon and the 1984 Chevrolet Celebrity station wagon.

HLDI also included in its study theft records involving vans, pickups and utility vehicles. Noting that the 1982 and 1983 small utility vehicles had far the highest claim frequencies and average loss payments per insured vehicle year, HLDI said the theft results for 1984 small utility vehicles were shown to be better than average with claim frequencies dropping to one-third their previous levels. The agency said the turnaround resulted from the introduction in 1984 of the Ford Bronco II and the discontinuance of the Jeep CJ-5. The Jeep models, HLDI explained, with particularly high theft losses, accounted for more than 90 percent of the small utility vehicle exposure for model years 1982 and 1983 but only 16 percent of the 1984 exposure.

The table that follows reflects, for 1984 and 1983 model passenger cars, the findings by car size relative to the results for all vehicles combined, with 100 representing the average for all cars of each model year. Thus, a designation of 94 for 1984 small two-door models means a result which is 6 percent better than that of all 1984 passenger cars combined.

Loss Experience Summary by Vehicle Size and Model Year, Theft Losses, Passenger Cars

	Relative Claim Frequency		Relative Average Loss Payment per Claim		Relative Average Loss Payment per Insured Vehicle Year	
Car Size Group	1984 Models	1983 Models	1984 Models	1983 Models	1984 Models	1983 Models
Two-Door Models						
Small Cars	94	86	65	66	61	53
Midsize Cars	92	96	105	110	97	106
Large Cars	122	116	105	110	128	127
Four-Door Models						
Small Cars	77	68	62	55	47	37
Midsize Cars	66	70	66	71	43	50
Large Cars	116	115	89	85	104	98
Station Wagons/Passenger Vans						
Small Cars	37	30	71	52	26	16
Midsize Cars	44	48	45	47	20	23
Large Cars	53	70	101	88	53	62
Sports & Specialty						
Small Cars	132	175	178	156	235	272
Midsize Cars	175	174	122	118	212	205
Large Cars	261	228	153	164	400	373
Actual Value of 100 Base	12.4*	12.8*	$1,775	$1,782	$22.1	$22.9

*Frequencies of claims per 1,000 insured vehicle years.

NOTE: Small cars are defined as vehicles with wheelbases up to 99 inches; midsize cars, as vehicles with wheelbases more than 99 inches to 109 inches; large cars, as vehicles with wheelbases greater than 109 inches.

Source: Highway Loss Data Institute.

Accidents at Work

The accident record of the nation's work places continued to improve in 1984 as the number of job-related fatalities declined by about 1 percent and the number of injuries held steady despite an increase in the employed labor force.

Data compiled by the National Safety Council reflect a 4.3 percent decrease in the number of fatalities per 100,000 workers and a 4 percent drop in the injury rate. Both the fatality rate and the injury rate have been declining for several years.

The dollar cost of work accidents dropped by 1.3 percent in 1984 to $30.8 billion from the record $31.2 billion set in 1983. While the dollar loss figure of 1984 was seven times that of 1960 and almost four times that of 1970, the general upward trend should be interpreted in terms of a growing work force (a decline in 1982 was the first since 1975) and a steady diminution in the value of the dollar. Applying these factors in terms of a constant 1967 dollar, the cost of occupational accidents averaged $94.16 per worker in 1984 as compared to $75.36 in 1960 and $87.42 in 1970.

The cost of work accidents includes wages lost and medical expenses, as well as indirect loss resulting from damage to equipment and materials, production delays, time lost by workers not involved in the accident, and the administrative costs of insurance.

Work Fatalities and Injuries, 1960-1984

Year	Employed Labor Force (Millions)	Fatalities	Fatalities Per 100,000 Workers	Injuries	Injuries Per 100,000 Workers
1960	65.8	13,800	21.0	1,950,000	2,964
1970	78.7	13,800	17.5	2,200,000	2,795
1975	85.8	13,000	15.2	2,200,000	2,564
1980	99.3	13,200	13.3	2,200,000	2,216
1981	100.4	12,500	12.5	2,100,000	2,092
1982	99.5	11,900	12.0	1,900,000	1,910
1983	100.8	11,600	11.5	1,900,000	1,885
1984	105.0	11,500	11.0	1,900,000	1,810

Sources: Bureau of Labor Statistics; National Safety Council.

Economic Losses* From Work Accidents, 1960-1984

Year	Economic Loss	Cost Per Worker 1967 Dollars	Year	Economic Loss	Cost Per Worker 1967 Dollars
1960	$ 4,400,000,000	$ 75.36	**1981**	$30,200,000,000	$110.40
1970	8,000,000,000	87.42	**1982**	29,400,000,000	102.21
1975	14,000,000,000	101.33	**1983**	31,200,000,000	103.66
1980	28,000,000,000	114.48	**1984**	30,800,000,000	94.16

*Figures do not include direct losses in business fires.

Sources: National Safety Council; Bureau of Labor Statistics Consumer Prices.

Occupational Disease

Providing compensation for the victims of occupational diseases continues to be a matter of concern shared by insurance companies and segments of the nation's work force. The fundamental insurance coverage which applies is workers' compensation, which provides medical and lost-income benefits to workers who are injured on the job or who become ill because of employment-related conditions. Many workers also are covered for medical expenses under group and individual health insurance policies.

In addition, there are government programs involved in the compensation area, notably the black lung program for the coal mining industry. While that program was initiated as a modest and temporary federal entitlement in 1969, benefits are now estimated to exceed $2 billion annually, including payments by the federal government, employers, insurers and a federal trust fund financed by a tax on coal. In the 1970s, the black lung program was cited often as a potential precedent for future compensation schemes directed at particular occupational diseases. In 1982, however, in the wake of government studies which concluded that a vast majority of black lung beneficiaries were not, in fact, disabled due to occupational black lung, the eligibility standards were made more strict. Moreover, proposals to enact federal compensation programs for other diseases, modeled after the black lung program, have met with little success.

The basic problem posed by occupational disease is in the area of long-latency. In the case of workers who contract debilitating diseases as a result of exposure to asbestos fibers, for example, there can be a gap of as long as 40 years between the time of exposure and the emergence of the disease or disabling symptoms. Although the disease is sometimes discovered in less than a year, the average latency period for asbestos-related diseases is about nine years.

The basic problem posed by occupational disease is in the area of long-latency. In the case of workers who contract debilitating diseases as a result of exposure to asbestos fibers, for example, there can be a gap of as much as 40 years between the time of exposure and the emergence of the disease. While the disease sometimes is discovered in less than a year, the average latency period for asbestos-related diseases is about nine years.

As a result of the often-long time lag between the exposure and the manifestation of illness, workers' compensation claims sometimes have been barrred by statutes of limitation which begin to run at the time of exposure. Moreover, there often has been controversy as to whether benefits should be paid at the levels in effect at the time of exposure or at the generally higher levels in effect when the disease later becomes manifest. Also, there have been difficulties in determining at what point in an employee's work history the illness was contracted and who was responsible for the payment of benefits.

In most states, these problems have been carefully addressed, with the insurance industry playing an active role in seeking solutions acceptable to both employers and employees. Most state workers' compensation acts have been amended or interpreted to provide more realistic statutes of limitation, compensation at current benefit levels and more clear-cut identification of the responsible employer.

Some jurisdictions have gone further. For example, the 1984 amendments to the federal Longshore and Harbor Workers' Compensation Act, applicable to maritime employees, provide compensation under some circumstances to workers who develop a disabling occupational disease only after retiring from employment.

The process of refinement is a continuing one. The National Association of Insurance Commissioners' (NAIC) Occupational Disease Advisory Committee report, released in 1985, includes comprehensive recommendations intended to ensure that an adequate and equitable workers' compensation remedy is available for all worthy occupational disease claims.

It is now generally believed that workers' compensation acts do provide adequate remedies for employees who seek compensation for occupational diseases. However, many workers continue to bypass the workers' compensation system and instead bring tort actions against manufacturers with the potential for large, although uncertain, recoveries for pain and suffering and punitive damages. Suits have, on occasion, been brought against employers under various exceptions to the workers' compensation exclusive remedy doctrine. In the area of asbestos-related diseases, where the problem is most acute, there have been federal proposals which would foreclose tort suits and provide a supplemental award, jointly financed by asbestos manufacturers and the federal government, to all workers who successfully prosecute a state workers' compensation claim based on an asbestos-related disease. As of mid-1985, no such proposal had been enacted, however.

A further problem is that of causality. Diseases associated with hazardous substances usually are not uniquely related to a single cause. Cancer, as an example, may be caused by many factors, not just by substances found in the work place. The NAIC report recommends increased use of impartial medical experts and panels to address new questions of compensability as they arise.

Occupational disease claims can arise from virtually any occupation. There are about 600 occupational classifications used in writing workers' compensation insurance policies. Each classification is for a specific type of business and has its own premium rate. In no classification other than coal mining do occupational disease claims account for more than 4 percent of all workers' compensation claims.

While occupational disease cases represent only about 2 percent of all workers' compensation claims, they are about twice as costly on the average as traumatic personal injury claims, such as a broken leg.

The table below shows the various kinds of occupational disease compensated under state workers' compensation programs, their relative frequencies and the average benefit costs per case.

Occupational Disease Experience*

Disease	% of All Occupational Disease (O.D.) Claims	Average Indemnity Benefits Per Case	Average Medical Benefits Per Case	Average Total Benefits Per Case
Dust Disease	3.9%	$15,700	$1,500	$17,200
Asbestosis	2.6	23,500	2,300	25,800
Black Lung	23.0	130,800	16,600	147,400
Byssinosis	0.2	11,300	2,400	13,700
Silicosis	2.6	38,200	2,500	40,700
Respiratory Disorder	19.2	6,100	1,200	7,300
Poisoning, Chemical	2.7	6,800	1,700	8,500
Poisoning, Metal	0.9	2,600	1,300	3,900
Dermatitis	17.3	2,100	400	2,500
Mental Disorders	8.0	8,600	1,300	9,900
Loss of Hearing	4.3	4,500	400	4,900
Contagious Diseases	3.7	1,400	600	2,000
Cancer	0.7	12,200	2,000	14,200
Other O.D.	10.9	6,500	1,000	7,500
All O.D. Claims	100.0%	$36,200	$4,700	$40,900
O.D. Claims Excluding Black Lung		$ 7,400	$1,100	$ 8,500

*By comparison with the experience in occupational disease cases, the average indemnity cost per case in traumatic injury cases was $3,000; the average medical cost per case was $1,400, and the average total cost per case was $4,400.

Source: National Council on Compensation Insurance, *Workers Compensation Claim Characteristics* (1984).

Crimes Against Property

The dollar cost of crime continues to run into the billions, although data of the Federal Bureau of Investigation reflected a decrease of 2 percent in the overall crime index in 1984.

The FBI said the number of crimes against property, of which business and industry are major victims, decreased about 2 percent in 1984. Dollar losses from the crimes of robbery, burglary, larceny and motor vehicle theft rose about 1.6 percent to $9.5 billion.

But the overall cost of crime is much higher when other kinds of offenses, including such costly crimes as embezzlement, arson and vandalism, are taken into account.

The FBI said it received complete reports on 82,238 arson offenses in 1984, down from the 1983 total of 84,700, with estimated dollar losses rising from $795 million to $879 million. (The National Fire Protection Association estimated the cost of incendiary and suspicious fires in 1983 at some $1.42 billion).

The severity of crime's impact on the property/casualty insurance industry is reflected in a 1984 report of the All-Industry Research Advisory Council (AIRAC) showing that increases in crime-related insurance losses have been considerably greater than increases in overall incurred losses. AIRAC reported that from 1979 to 1981, overall property and casualty losses increased by 22 percent while crime-related losses jumped by 43 percent, with the homeowners multiple-peril line the hardest hit of all lines.

Major crimes against property reported by the FBI in 1984:

Robbery: 485,010 offenses; property loss $295 million.

Burglary: 2,984,400 offenses; property loss $2.7 billion.

Larceny-Theft: 6,591,900 offenses; property loss $2.5 billion.

Motor Vehicle Theft: 1,032,200 offenses; property loss $4 billion.

Crimes Against Property, 1975-1984*

Year	Robbery	Burglary	Larceny-Theft
1975	470,500	3,265,300	5,977,700
1976	427,810	3,108,700	6,270,800
1977	412,610	3,071,500	5,905,700
1978	426,930	3,128,300	5,991,000
1979	480,700	3.327,700	6,601,000
1980	565,840	3,795,200	7,136,900
1981	592,910	3,779,700	7,194,400
1982	553,130	3,447,100	7,142,500
1983	506,570	3,129,900	6,712,800
1984	485,010	2,984,400	6,591,900

*For additional data on automobile thefts, see Page 97.

Source: Federal Bureau of Investigation.

Motor Vehicle Thefts

Motor vehicle thefts in the United States increased about 2.4 percent from 1983 to 1984. Decreases were recorded in 20 states, however. Countrywide, the motor vehicle theft rate increased from 601 to 609 per 100,000 registered vehicles.

Motor Vehicle Registrations and Thefts, 1975-1984

Year	Motor Vehicle Registrations*	Thefts*	Ratio of Vehicles Stolen/Regist.	Thefts per 100,000 Registrations
1975	139,221,000	1,009,600	1 in 138	725
1976	142,397,000	966,000	1 in 147	678
1977	148,880,000	977,700	1 in 152	657
1978	153,637,000	1,004,100	1 in 153	654
1979	157,226,178	1,112,800	1 in 141	708
1980	161,614,294	1,131,700	1 in 143	700
1981	164,287,643	1,087,800	1 in 151	662
1982	165,298,024	1,062,400	1 in 156	643
1983	167,718,000	1,007,900	1 in 166	601
1984	169,446,281 **	1,032,200	1 in 164	609

*Includes motorcycles.

**Preliminary estimate.

Sources: Federal Bureau of Investigation: Federal Highway Administration.

Motor Vehicle Thefts by States, 1983-1984

State	1984	1983	% Change	State	1984	1983	% Change
Alabama	9,319	9,126	+ 2.1	Montana	2,230	1,870	+19.3
Alaska	3,144	3,084	+ 1.9	Nebraska	2,312	2,578	−10.3
Arizona	11,739	10,579	+11.0	Nevada	4,514	4,200	+ 7.5
Arkansas	3,937	4,043	− 2.6	New Hampshire	1,843	1,746	+ 5.6
California	161,309	158,904	+ 1.5	New Jersey	43,179	45,127	− 4.3
Colorado	12,626	11,698	+ 7.9	New Mexico	4,564	4,285	+ 6.5
Connecticut	13,336	15,028	−11.3	New York	115,392	127,861	− 9.8
Delaware	1,596	2,056	−22.4	North Carolina	10,990	10,124	+ 8.6
District of Columbia	4,429	3,977	+11.4	North Dakota	760	878	−13.4
Florida	46,830	43,236	+ 8.3	Ohio	38,976	37,027	+ 5.3
Georgia	17,060	16,050	+ 6.3	Oklahoma	15,094	14,732	+ 2.5
Hawaii	3,635	4,297	−15.4	Oregon	7,926	8,060	− 1.7
Idaho	1,509	1,687	−10.6	Pennsylvania	40,444	37,488	+ 7.9
Illinois	67,407	65,351	+ 3.1	Rhode Island	6,656	6,225	+ 6.9
Indiana	19,298	17,649	+ 9.3	South Carolina	7,871	7,826	+ 0.6
Iowa	4,610	4,586	+ 0.5	South Dakota	772	720	+ 7.2
Kansas	5,041	4,875	+ 3.4	Tennessee	17,284	14,827	+16.6
Kentucky	6,709	7,994	−16.1	Texas	87,799	82,532	+ 6.4
Louisiana	13,719	13,785	− 0.5	Utah	3,745	3,816	− 1.9
Maine	1,866	1,920	− 2.8	Vermont	820	981	−16.4
Maryland	17,274	15,688	+10.1	Virginia	10,337	9,863	+ 4.8
Massachusetts	48,705	49,533	− 1.7	Washington	10,761	10,878	− 1.1
Michigan	78,578	66,894	+17.5	West Virginia	3,368	3,569	− 5.6
Minnesota	8,600	8,663	− 0.7	Wisconsin	11,203	9,704	+15.4
Mississippi	3,753	3,677	+ 2.1	Wyoming	785	854	− 8.1
Missouri	16,511	15,782	+ 4.6				

Source: Federal Bureau of Investigation.

Arrests by Age Group

Data compiled by the Federal Bureau of Investigation show that persons from 15 through 24 years of age are involved in a disproportionately high number of arrests for crimes and offenses which often have a direct impact on losses paid by property and casualty insurers.

A majority of all arrests in 1984 for the crimes of burglary, robbery, motor vehicle theft and drug abuse were of persons in that age bracket, who together made up only 16.9 percent of the total population.

About one of every four arrests for driving while under the influence of intoxicants or drugs involved a person in the 20-24 age group.

Arrests, Distribution by Age, 1984

		Burglary		Robbery		Larceny-Theft	
Age Group	% of Population	Arrests	% of Total	Arrests	% of Total	Arrests	% of Total
Under 15	21.9%	49,704	14.9%	7,206	6.6%	156,595	15.5%
15-19	7.9	126,584	37.9	36,569	33.7	288,062	28.5
20-24	9.0	72,058	21.5	28,907	26.6	182,465	18.1
25-29	9.0	40,564	12.1	17,423	16.0	127,719	12.6
30-34	8.3	22,829	6.8	9,873	9.1	90,515	9.0
35-39	7.1	10,842	3.2	4,464	4.1	55,258	5.5
40-44	5.9	5,303	1.6	2,122	2.0	33,509	3.3
45-49	4.8	2,810	0.8	964	0.9	21,964	2.2
50-54	4.7	1,675	0.5	524	0.5	16,989	1.7
55-59	4.8	968	0.3	276	0.3	13,616	1.3
60-64	4.6	546	0.2	129	0.1	9,894	1.0
65 & Older	11.9	516	0.2	157	0.1	13,157	1.3
All Ages	100.0*	334,399	100.0	108,614	100.0	1,009,743	100.0

	Motor Vehicle Theft		Arson		Drunk Driving		Drug Abuse	
Age Group	Arrests	% of Total	Arrests	% of Total	Arrests	% of Total	Arrests	% of Total
Under 15	8,504	9.1%	4,091	27.9%	457	0.0%	11,407	2.0%
15-19	38,647	41.4	3,188	21.7	98,419	7.3	122,285	21.7
20-24	20,026	21.5	2,109	14.4	334,063	24.8	174,483	31.0
25-29	11,452	12.3	1,613	11.0	277,955	20.6	120,869	21.5
30-34	6,623	7.1	1,210	8.2	197,756	14.7	68,490	12.2
35-39	3,554	3.8	847	5.8	140,777	10.5	33,231	5.9
40-44	1,987	2.1	601	4.1	99,539	7.4	14,927	2.7
45-49	1,061	1.1	396	2.7	69,576	5.2	7,240	1.3
50-54	633	0.7	270	1.8	50,951	3.8	4,016	0.7
55-59	402	0.4	171	1.2	36,731	2.7	2,477	0.4
60-64	165	0.2	96	0.7	22,792	1.7	1,775	0.3
65 & Older	231	0.2	83	0.6	17,570	1.3	1,055	0.2
All Ages	93,285	100.0*	14,675	100.0*	1,346,586	100.0	562,255	100.0*

*Percentage does not add to total because of rounding.

Source: Federal Bureau of Investigation.

Aircraft Accidents

The nation's major airlines flew more than 3 billion miles of scheduled flights for the first time in 1984, but achieved a record low accident rate and their second lowest fatal accident rate, according to preliminary data from the National Transportation Safety Board.

Except for commuters — scheduled air carriers operating on short-haul or regional routes — the rest of civil aviation in the United States also recorded lower accident totals and rates in 1984 than in the preceding year.

The major airlines' 12 accidents in scheduled service included only one fatal crash, a cargo flight accident May 30 in Pennsylvania which killed all three crew members and a non-revenue passenger. The only year in which the airlines achieved a lower fatal accident rate was fatality-free 1980.

Accidents involving commuter carriers resulted in 48 fatalities in 1984, as compared with 11 in 1983. With seven fatal crashes, their fatal accident rate, which had reached a record low in 1983, more than doubled.

On-demand air taxis recorded 140 accidents in 1984, 22 of them resulting in fatalities. The number of deaths totaled 51, down from 62 in 1983.

The Board reported 2,999 accidents, 529 of them fatal crashes, involving general aviation (aircraft other than large airlines, commuters and air taxis). Both the number of accidents and the number of fatalities — 998 — represented new lows.

Aircraft Accidents in 1984*

	Aircraft Hours Flown	Accidents	Fatal Accidents	Fatalities	Accidents per 100,000 Flight Hours
U.S. Airlines:					
Scheduled	7,302,000	12	1	4	0.164
Non-scheduled	310,000	3	0	0	0.968
Scheduled Commuter Carriers	1,757,000	21	7	48	1.20
Non-Scheduled Air Taxis	3,328,000	140	22	51	4.21
General Aviation	30,541,000	2,999	529	998	9.82

*Preliminary data.

Source: National Transportation Safety Board.

Accidents, Scheduled Airlines, 1980-1984

Year	Aircraft Hours Flown	Accidents	Fatal Accidents	Fatalities	Accidents per 100,000 Flight Hours
1980	6,797,578	15	0	0	0.221
1981	6,571,288	25	4	4	0.380
1982	6,440,163	15	3	233	0.233
1983	6,625,536	21	4	15	0.317
1984*	7,302,000	12	1	4	0.164

*Preliminary data.

Source: National Transportation Safety Board.

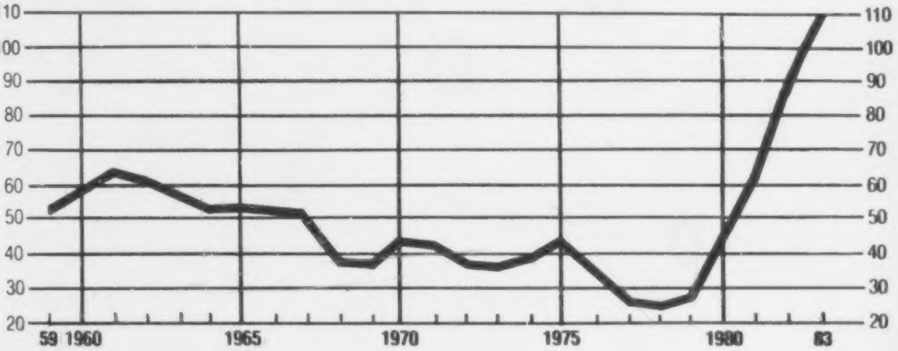
Business Failure Trends

The number of business failures in the United States continued to rise sharply in 1983, and preliminary indications pointed to a further increase in 1984.

Dun & Bradstreet put the number of failures in 1983 at 31,334, up about 26 percent from the 1982 total of 24,908. The failure rate increased from 88 to 110 per 10,000 businesses, and the overall cost of business failures rose from $15.61 billion to some $16.07 billion.

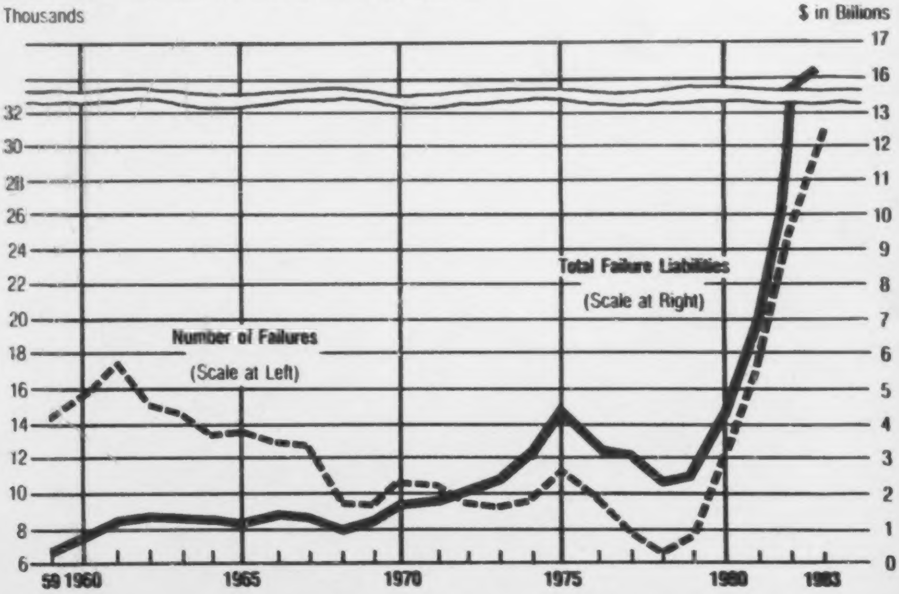
Dun & Bradstreet reported a preliminary count of 52,892 business failures in 1984, but indicated that the significant increase in that year was attributable at least in part to an expansion of its monitoring procedure to include several additional kinds of business.

Failure Rate Per 10,000 Businesses 1959-1983



Source: Insurance Information Institute, based on data provided by Dun & Bradstreet, Inc.

Business Failure Trends 1959-1983



Source: Insurance Information Institute, based on data provided by Dun & Bradstreet, Inc.

Health Insurance Benefits

The amount of health insurance benefits paid out annually in the United States neared the $190 billion mark in 1983, with Medicare for the first time paying a larger share than any other single category of health care provider. Health insurance benefits paid by Medicare jumped more than 26 percent to $60.7 billion in 1983 from $48.1 billion in 1982.

Private insurance companies paid some $53.6 billion in health insurance benefits in 1983, up 9 percent from nearly $49.2 billion in the preceding year.

The following table compares the amounts of health insurance benefits paid in 1982 and 1983 by private insurers and by other guarantors of such benefits, including Medicare and Medicaid in the government sector.

	1983	1982	% Change
Private Insurers	$ 53,581,000,000	$49,159,000,000	+ 9.0%
Blue Cross, Blue Shield	34,600,000,000*	32,357,000,000	+ 6.9
Other Plans**	22,643,000,000*	17,997,000,000	+ 25.8
Private Sector Total***	$96,559,000,000	$88,210,000,000	+ 9.7
Medicare	60,720,000,000	48,134,000,000	+ 26.1
Medicaid	32,350,500,000	29,907,000,000	+ 8.2
Totals	$189,629,500,000	$166,251,000,000	+ 14.1

*Estimate.

**Includes Health Maintenance Organizations, employer-employee sponsored plans, etc.

***Private sector total eliminates duplications that result from private insurers and the Health Care Financing Administration ("Other Plans") both reporting Administrative Services Only benefits in their data.

Source: Health Insurance Association of America.

A review by the Health Insurance Association of America disclosed that in 1983 the average cost to hospitals per patient stay ranged from a low of $1,750.77 in Mississippi to highs of $4,359.65 in the District of Columbia and $3,628.68 in Massachusetts. The range on the basis of the average cost to hospitals of a day's stay was from $244.24 in South Dakota to $577.60 in Alaska. Countrywide, the average cost to hospitals per patient day increased 12.9 percent from $327.40 in 1982 to $369.49 in 1983. The average length of a hospital stay remained unchanged at 7.6 days.

The Cost of Hospitalization and Health Insurance Benefits Paid by Private Insurers

State	Benefits Paid by Insurance Co's. (in thousands) 1982*	Average Cost to Hospital per Patient Day 1983	Average Length Hospital Stay in Days 1983	Average Cost to Hospital per Patient Stay 1983
Alabama	$ 424,000	$ 321.99	7.1	$2,286.12
Alaska	57,000	577.60	5.9	3,407.83
Arizona	377,000	466.93	6.8	3,175.12
Arkansas	218,000	287.07	6.6	1,894.66
California	3,612,000	565.22	6.4	3,617.40

State	Benefits Paid by Insurance Co's. (in thousands) 1982*	Average Cost to Hospital per Patient Day 1983	Average Length Hospital Stay in Days 1983	Average Cost to Hospital per Patient Stay 1983
Colorado	$ 456,000	$387.29	7.1	$2,749.75
Connecticut	450,000	396.43	7.7	3,052.51
Delaware	82,000	354.83	7.9	2,803.15
District of Columbia	200,000	501.11	8.7	4,359.65
Florida	1,642,000	379.82	7.4	2,810.66
Georgia	808,000	317.34	6.7	2,126.17
Hawaii	53,000	357.87	8.2	2,934.53
Idaho	73,000	304.92	6.5	1,981.98
Illinois	1,981,000	413.08	7.9	3,263.33
Indiana	695,000	336.74	7.5	2,525.55
Iowa	360,000	310.44	7.7	2,390.38
Kansas	283,000	331.25	7.6	2,517.50
Kentucky	285,000	297.51	6.9	2,052.82
Louisiana	682,000	383.34	6.2	2,376.71
Maine	122,000	351.42	7.2	2,530.22
Maryland	461,000	358.11	8.2	2,936.50
Massachusetts	638,000	417.09	8.7	3,628.68
Michigan	927,000	399.43	8.0	3,195.44
Minnesota	511,000	298.65	9.2	2,747.58
Mississippi	312,000	250.11	7.0	1,750.77
Missouri	789,000	368.10	7.9	2,907.99
Montana	81,000	258.60	8.5	2,198.10
Nebraska	236,000	278.94	8.6	2,398.88
Nevada	176,000	558.50	6.2	3,462.70
New Hampshire	96,000	328.05	7.0	2,296.35
New Jersey	893,000	309.63	8.0	2,477.04
New Mexico	161,000	480.73	6.1	2,932.45
New York	2,263,000	346.89	9.6	3.330.14
North Carolina	664,000	286.76	7.5	2,150.73
North Dakota	57,000	270.16	8.6	2,323.37
Ohio	1,340,000	371.59	7.9	2,935.56
Oklahoma	409,000	358.06	6.6	2,363.19
Oregon	273,000	426.55	5.9	2,516.64
Pennsylvania	1,116,000	371.57	8.4	3,121.18
Rhode Island	48,000	370.80	8.1	3,003.48
South Carolina	306,000	291.13	7.3	2,125.24
South Dakota	102,000	244.24	8.6	2,100.46
Tennessee	575,000	299.76	7.3	2,188.24
Texas	2,408,000	353.83	6.6	2,335.27
Utah	157,000	432.42	5.4	2,335.06
Vermont	42,000	283.44	8.2	2,324.20
Virginia	488,000	320.13	7.8	2,497.01
Washington	349,000	422.94	5.7	2,410.75
West Virginia	203,000	302.71	7.1	2,149.24
Wisconsin	511,000	322.67	8.1	2,613.62
Wyoming	69,000	348.73	5.6	1,952.88
Puerto Rico and U.S. Territories	105,000	—	—	—
Countrywide	$49,159,000 **	$369.49	7.6	$2,808.12
Previous Year Totals	$41,622,000 **	$327.40	7.6	$2,488.20

*Amounts of benefits paid by private insurers in 1983 not available.

**Includes $19,533 billion for 1982 and $14.768 billion for 1981 in Administrative Service Agreement benefit payments not allocated by state.

Source: Health Insurance Association of America.

7. Laws Affecting Motorists

Automobile Financial Responsibility and Compulsory Laws

Most states have laws, commonly known as financial responsibility laws, under which a person involved in an automobile accident may be required to furnish proof of financial responsibility (usually done in the form of automobile liability insurance) up to certain minimum dollar limits. The provinces of Canada have similar laws. Mexico has no financial responsibility law as such, but requires an auto liability insurance policy written with a Mexican company.

More than half the states have laws requiring registered car owners to have liability insurance or, in some cases, some other approved form of security. These "compulsory" auto insurance laws are in effect in Alaska, Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Georgia, Hawaii, Idaho, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas, Utah, West Virginia and Wyoming. Florida requires its car owners to have first-party "personal injury protection" insurance.

Every state has either a financial responsibility law or a "compulsory" law. Many have both kinds of statutes. Even where ownership of automobile liability insurance is not compulsory, the existence of the financial responsibility laws, along with the ever-present threat of a financially crippling judgment in the event of an accident, has come to make the possession of automobile liability insurance a virtual necessity for most motorists.

Nevertheless, there are many motorists who are considered doubtful risks or whose poor driving records label them as obviously bad insurance risks. In all states, there are procedures through which such persons are able to obtain coverage. For additional information about these procedures, see "The Automobile Shared Market," Page 42.

Automobile Financial Responsibility/Compulsory Limits

State	Liability Limits*
Alabama	20/40/10
Alaska	50/100/25
Arizona	15/30/10
Arkansas	25/50/15
California	15/30/5
Colorado	25/50/15
Connecticut	20/40/10
Delaware	15/30/10
District of Columbia	10/20/5
Florida	10/20/5
Georgia	15/30/10
Hawaii	25/unlimited/10
Idaho	25/50/15
Illinois	15/30/10
Indiana	25/50/10
Iowa	20/40/15
Kansas	25/50/10
Kentucky	25/50/10
Louisiana	10/20/10
Maine	20/40/10
Maryland	20/40/10
Massachusetts	10/20/5
Michigan	20/40/10
Minnesota	25/50/10
Mississippi	10/20/5
Missouri	25/50/10
Montana	25/50/5
Nebraska	25/50/25
Nevada	15/30/10
New Hampshire	25/50/25
New Jersey	15/30/5
New Mexico	25/50/10
New York	10/20/5[1]
North Carolina	25/50/10
North Dakota	25/50/10
Ohio	12.5/25/7.5
Oklahoma	10/20/10
Oregon	25/50/10
Pennsylvania	15/30/5

State	Liability Limits*
Rhode Island	25/50/10
South Carolina	15/30/5
South Dakota	15/30/10
Tennessee	15/30/10[2]
Texas	15/30/15
Utah	20/40/10
Vermont	20/40/10
Virginia	25/50/10
Washington	25/50/10
West Virginia	20/40/10
Wisconsin	25/50/10
Wyoming	10/20/5
CANADA	
Alberta	$100,000[3] inclusive**
British Columbia	$200,000 inclusive**
Manitoba	$200,000 inclusive**
New Brunswick	$100,000[3] inclusive**
Newfoundland	$200,000 inclusive**
Northwest Territories	$50,000 inclusive**
Nova Scotia	$200,000 inclusive**
Ontario	$200,000 inclusive**
Prince Edward Island	$100,000[3] inclusive**
Quebec	$50,000 property damage[4]
Saskatchewan	$200,000 inclusive**
Yukon	$200,000 inclusive**

*The first two figures refer to bodily injury liability limits and the third figure to property damage liability. For example, 10/20/5 means coverage up to $20,000 for all persons injured in an accident, subject to a limit of $10,000 for one individual; and $5,000 coverage for property damage.

"Inclusive" means that the amount of liability insurance shown is available to settle either bodily injury or property damage claims—or both.

[1] 50/100 in cases of wrongful death.

[2] 20/40/10 as of Jan. 1, 1987, 25/50/10 as of Jan. 1, 1990.

[3] $200,000 effective January 1986.

[4] Quebec has a complete no-fault system for bodily injury claims, scaled down for non-residents in proportion to their degree of fault. The $50,000 limit relates to liability for damage to property in Quebec and to liability for bodily injury and property damage outside Quebec.

Sources: American Insurance Association; Insurance Bureau of Canada.

"No-Fault" Automobile Insurance

A major change in the biggest single line of property and casualty insurance—automobile insurance—has been in the making since the early 1970s. Widespread dissatisfaction with the operation of the traditional tort liability system, under which recoveries by accident victims of their losses are often dependent upon proving who caused the accident, has led to the adoption of "first-party" laws by about half the states and consideration of similar action by most of the other states.

A number of states have enacted laws mandating the purchase of auto liability insurance and a form of "no-fault" insurance which permits accident victims to recover such financial losses as medical and hospital expenses and lost income from their own insurance companies. Most of those states also have some restrictions on the right to sue. Several other state laws make optional the purchase of "first party" coverages up to specified minimum limits.

Among the states which have adopted forms of "no-fault" auto insurance, the major variations involve: dollar limits on medical and hospital expenses (unlimited in some states), funeral and burial expenses, lost income and the amount to be paid a person hired to perform essential services that an injured non-income producer is unable to perform; also, conditions governing the right to sue which usually include death, serious injury and a point at which medical expenses reach a stipulated amount.

Jurisdictions which have forms of "first-party" auto insurance and the dates on which the laws originally became effective, follow.

Compulsory first-party/liability insurance; some restrictions on lawsuits

Colorado, April 1, 1974
Connecticut, January 1, 1973
District of Columbia, October 1, 1983
Georgia, March 1, 1975
Hawaii, September 1, 1974
Kansas, January 1, 1974
Kentucky, July 1, 1975
Massachusetts, January 1, 1971
Michigan, October 1, 1973
Minnesota, January 1, 1975
New Jersey, January 1, 1973
New York, February 1, 1974
North Dakota, January 1, 1976
Utah, January 1, 1974

Compulsory first-party, optional liability insurance; some restrictions on lawsuits

Florida, January 1, 1972
Puerto Rico, 1970

Compulsory first-party and liability insurance; no restrictions on lawsuits

Delaware, January 1, 1972
Maryland, January 1, 1973
Oregon, January 1, 1972
Pennsylvania, October 1, 1984*

Compulsory liability, optional first-party insurance; no restrictions on lawsuits

South Carolina, October 1, 1974
Texas, June 17, 1981

Insurance not compulsory; first-party benefits optional, no restrictions on lawsuits

Arkansas, July 1, 1974
New Hampshire, October 1, 1971
South Dakota, January 1, 1972
Virginia, January 1, 1972

*Pennsylvania's "no-fault" law, which originally included some restrictions on lawsuits, has been in effect since July, 1975.

Source: American Insurance Association.

8. General Information

The Regulation of Insurance

The business of property and casualty insurance is subject to two powerful forms of control: a high intensity of competition among insurance companies and strict regulation state by state.

The degree of competition is reflected by the fact that in a field which is served by more than 3,400 companies, no single company or group has more than 10 percent of the property/casualty insurance market. The 10 largest organizations combined had 37.8 percent of the market in 1984.

As a business which is inherently linked with the public interest, property and casualty insurance is closely regulated by designated authorities in every state and in other jurisdictions. Also, certain insurer activities are subject to regulation by federal agencies.

In essence, the basic charge to which the state regulatory authorities are committed is to assure the continued solvency of each company in order that it might be ready to discharge its obligation to policyholders, to ascertain that customers are neither overcharged nor unfairly discriminated against, and to regulate the business in a way that will encourage the companies to make essential insurance protection as readily available to the public as practicable.

The procedures for reviewing and effectuating property and casualty rates include, in many states, the requirement that rates be approved in advance by the regulator. In a number of other states, rate changes generally may be made without prior approval. In those states, rates are subject to the forces of competition among insurers and to subsequent review by the regulator to assure that they are not inadequate, excessive or unfairly discriminatory.

Greater reliance on price competition is the objective of a model rating law adopted in December 1980 by the National Association of Insurance Commissioners, the organization of state regulators. With some variations, the NAIC followed recommendations of an advisory committee of insurance buyers, consumer representatives and insurance people, which had been charged with studying the merits of competitive pricing. The committee pointed to "properly structured" price competition as "the most effective way to assure the availability of property/casualty insurance at costs that are fair, reasonable and not excessive."

The State Insurance Commissioners

Alabama: Tharpe Forrester, Commissioner of Insurance, 135 South Union St., Montgomery, Ala. 36130-3401. Tel. 205-269-3550.

Alaska: John L. George, Director of Insurance, Pouch "D", Juneau, Alaska 99811. Tel. 907-465-2515.

Arizona: S. David Childers, Director of Insurance, 1601 W. Jefferson, Phoenix, Ariz. 85007. Tel. 602-255-4862.

Arkansas: Robert M. Eubanks, III, Insurance Commissioner, 400 University Tower Building, 12th and University Streets, Little Rock, Ark. 72204. Tel. 501-371-1325.

California: Bruce A. Bunner, Insurance Commissioner, 600 South Commonwealth, 14th Floor, Los Angeles, Calif. 90005. Tel. 213-736-2551.

Colorado: John Kezer, Commissioner of Insurance, 303 W. Colfax Ave., Fifth Floor, Denver, Colo. 80204. Tel. 303-573-3406.

Connecticut: Peter W. Gillies, Insurance Commissioner, 165 Capitol Ave., State Office Bldg., Hartford, Conn. 06106. Tel. 203-566-5275.

Delaware: David N. Levinson, Insurance Commissioner, 21 The Green, Dover, Del. 19901. Tel. 302-736-4251.

District of Columbia: Margurite C. Stokes, Superintendent of Insurance, 614 H St., N.W., Suite 512, Washington, D.C. 20001. Tel. 202-727-7419.

Florida: William D. Gunter, Insurance Commissioner, State Capitol, Plaza Level 11, Tallahassee, Fla. 32301. Tel. 904-488-3440.

Georgia: Warren D. Evans, Insurance Commissioner, 200 Piedmont Ave., S.E., Floyd Memorial Building, 704 West Tower, Atlanta, Ga. 30334. Tel. 404-656-2056.

Guam: David J. Santos, Insurance Commissioner, P.O. Box 2796, Agana, Guam 96910. Tel. 011-671-477-7731.

Hawaii: Mario R. Ramil, Insurance Commissioner, P.O. Box 3614, Honolulu, Hawaii 96811. Tel. 808-548-5450.

Idaho: Wayne L. Soward, Director of Insurance, 700 W. State St., Boise, Idaho 83720. Tel. 208-334-2250.

Illinois: John E. Washburn, Director of Insurance, 320 W. Washington St., 4th Floor, Springfield, Ill. 62767. Tel. 217-782-4515.

Indiana: Harry E. Eakin, Commissioner of Insurance, 509 State Office Building, Indianapolis, Ind. 46204. Tel. 317-232-2386.

Iowa: Bruce W. Foudree, Commissioner of Insurance, Lucas State Office Building, G23, Des Moines, Iowa, 50319. Tel. 515-281-5705.

Kansas: Fletcher Bell, Commissioner of Insurance, 420 South West Ninth St., Topeka, Kan. 66612. Tel. 913-296-3071.

Kentucky: Gilbert McCarty, Insurance Commissioner, 229 West Main St., P.O. Box 517, Frankfort, Ky. 40602. Tel. 502-564-3630.

Louisiana: Sherman A. Bernard, Commissioner of Insurance, 950 North 5th St., Baton Rouge, La. 70801. Tel. 504-342-5328.

Maine: Theodore T. Briggs, Superintendent of Insurance, State Office Building, State House, Station 34, Augusta, Maine 04333. Tel. 207-289-3101.

Maryland: Edward J. Muhl, Insurance Commissioner, 501 St. Paul Pl., 7th Floor South, Baltimore, Md. 21202. Tel. 301-659-4027.

Massachusetts: Peter Hiam, Commissioner of Insurance, 100 Cambridge St., Boston, Mass. 02202. Tel. 617-727-3333.

Michigan: Nancy A. Baerwaldt, Insurance Commissioner, P.O. Box 30220, 611 West Ottawa St., Lansing, Mich. 48933. Tel. 517-373-9273.

Minnesota: Michael A. Hatch, Commissioner of Commerce, 500 Metro Square Building, 5th Floor, St. Paul, Minn. 55101. Tel. 612-296-6907.

Mississippi: George Dale, Commissioner of Insurance, 1804 Walter Sillers Building, P.O. Box 79, Jackson, Miss. 39205. Tel. 601-359-3569.

Missouri: C. Donald Ainsworth, Director of Insurance, 301 W. High St. 6 North, P.O. Box 690, Jefferson City, Mo. 65102. Tel. 314-751-2451.

Montana: Andrea Bennett, Commissioner of Insurance, 126 North Sanders, Mitchell Building, P.O. Box 4009, Helena, Mont. 59601. Tel. 406-444-2040.

Nebraska: Michael J. Dugan, Director of Insurance, State Capitol Building, 301 Centennial Mall South, P.O. Box 94699, Lincoln, Neb. 68509. Tel. 402-471-2201. Ext. 238.

Nevada: David A. Gates, Commissioner of Insurance, Nye Building, 201 South Fall St., Carson City, Nev. 89710. Tel. 702-885-4270.

New Hampshire: Louis E. Bergeron, Insurance Commissioner, 169 Manchester St., P.O. Box 2005, Concord, N.H. 03301. Tel. 603-271-2261.

New Jersey: Hazel Gluck, Commissioner of Insurance, 201 East State St., Trenton, N.J. 08625. Tel. 609-292-5363.

New Mexico: Vicente B. Jasso, Superintendent of Insurance, PERA Building, P.O. Drawer 1269, Sante Fe, N.M. 87501. Tel. 505-827-4535.

New York: James P. Corcoran, Superintendent of Insurance, 160 W. Broadway, New York, N.Y. 10013. Tel. 212-602-0429.

North Carolina: James E. Long, Commissioner of Insurance, Dobbs Building, P.O. Box 26387, Raleigh, N.C. 27611. Tel. 919-733-7343.

North Dakota: Earl R. Pomeroy, Commissioner of Insurance, Capitol Building, Fifth Floor, Bismarck, N.D. 58505. Tel. 701-224-2440.

Ohio: George Fabe, Director of Insurance, 2100 Stella Court, Columbus, Ohio 43215. Tel. 614-466-3584.

Oklahoma: Gerald Grimes, Insurance Commissioner, 408 Will Rogers Memorial Building, Oklahoma City, Okla. 73105. Tel. 405-521-2828.

Oregon: Josephine M. Driscoll, Insurance Commissioner, 158 12th St., N.E., Salem, Ore. 97310. Tel. 503-378-4271.

Pennsylvania: George F. Grode, Acting Insurance Commissioner, Strawberry Square, 13th Floor, Harrisburg, Pa. 17120. Tel. 717-787-5173.

Puerto Rico: Juan Antonio Garcia, Commissioner of Insurance, Fernandez Juncos Station, P.O. Box 8330, Santurce, P.R. 00910. Tel. 809-724-6565.

Rhode Island: Clifton A. Moore, Insurance Commissioner, 100 North Main St., Providence, R.I. 02903. Tel. 401-277-2246.

South Carolina: John G. Richards V, Chief Insurance Commissioner, 2711 Middleburg Dr., P.O. Box 4067, Columbia, S.C. 29204. Tel. 803-758-3266.

South Dakota: Susan L. Walker, Director of Insurance, Insurance Building, 320 N. Nicollet, Pierre, S.D. 57501. Tel. 605-773-3563.

Tennessee: John C. Neff, Commissioner of Insurance, 114 State Office Building, Nashville, Tenn. 37219. Tel. 615-741-2241.

Texas: Doyce R. Lee, Commissioner of Insurance, 1110 San Jacinto Blvd., Austin, Tex, 78786. Tel. 512-475-2273.

Utah: Roger C. Day, Commissioner of Insurance, P.O. Box 45803, Salt Lake City, Utah 84145. Tel. 801-530-6400.

Vermont: David T. Bard, Commissioner of Insurance, State Office Building, 120 State St., Montpelier, Vt. 05602. Tel. 802-828-3301.

Virgin Islands: Julio A. Brady, Commissioner of Insurance, P.O. Box 450, Charlotte Amalie, St. Thomas, Virgin Islands 00801. Tel. 809-774-2991.

Virginia: James M. Thomson, Commissioner of Insurance, 700 Jefferson Building, P.O. Box 1157, Richmond, Va. 23209. Tel. 804-786-3741.

Washington: Richard G. Marquardt, Insurance Commissioner, Insurance Building AQ21, Olympia, Wash. 98504. Tel. 206-753-7301.

West Virginia: Fred E. Wright, Insurance Commissioner, 2100 Washington St., East, Charleston, W.Va. 25305. Tel. 304-348-3394.

Wisconsin: Thomas P. Fox, Commissioner of Insurance, 123 W. Washington Ave., Madison, Wis. 53702. Tel. 608-266-0102.

Wyoming: Robert W. Schrader, Insurance Commissioner, Herschler Building, 122 W. 25th St., Cheyenne, Wyo. 82002. Tel. 307-777-7401.

Definitions

Insurance: A system under which individuals, businesses and other organizations or entities, in exchange for payment of a sum of money (a premium). are guaranteed compensation for losses resulting from certain perils under specified conditions.

Property Insurance: Insurance providing financial protection against the loss of, or damage to, real and personal property caused by such perils as fire, theft, windstorm, hail, explosion, riot, aircraft, motor vehicles, vandalism, malicious mischief, riot and civil commotion, and smoke.

Casualty Insurance: Insurance concerned primarily with the insured's legal liability for injuries to others or for damage to other persons' property; also encompasses such forms of insurance as plate glass, burglary, robbery and workers' compensation.

Liability Insurance: Insurance covering the policyholder's legal liability resulting from injuries to other persons or damage to their property.

Life Insurance: Insurance providing for payment of a specified amount on the insured's death, either to his or her estate or to a designated beneficiary; or in the case of an endowment policy, to the policyholder at a specified date.

Accident and Health Insurance: A type of coverage that pays benefits, sometimes including reimbursement for loss of income, in case of sickness, accidental injury or accidental death.

Actual Cash Value: The cost of repairing or replacing damaged property with other of like kind and quality in the same physical condition; commonly defined as replacement cost less depreciation.

Agent: The *independent agent* is an independent business person who usually represents two or more insurance companies in a sales and service capacity and who is paid on a commission basis. The *exclusive agent* represents only one company, usually on a commission basis. The *direct writer* is the salaried or commissioned employee of a single company.

Allied Lines: A term for forms of insurance allied with property insurance, covering such perils as sprinkler leakage, water damage and earthquake.

Arson: The willful and malicious burning of, or attempt to burn, any structure or other property, often with criminal or fraudulent intent.

Assets: As applicable to insurance, all funds, property, goods, securities, rights of action or resources of any kind owned by an insurance company, less such items as are declared nonadmissable for accounting purposes by state laws, including deferred or overdue premiums.

Automobile Insurance Plan: One of several types of "shared market" mechanisms used to make automobile insurance available to persons who are unable to obtain such insurance in the regular market.

Automobile Liability Insurance: Protection for the insured against financial loss because of legal liability for car-related injuries to others or damage to their property.

Automobile Physical Damage Insurance: Coverage to pay for damage to or loss of policyholder's automobile resulting from collision, fire, theft, or other perils.

Automobile Reinsurance Facility: One of several types of "shared market" mechanisms used to make automobile insurance available to persons who are unable to obtain such insurance in the regular market.

Automobile Shared Market: A program in which all automobile insurers in each state and the District of Columbia participate to make coverage available to car owners who are unable to obtain auto insurance in the regular market. Except in Maryland, which operates a state-funded mechanism whose losses are subsidized by private insurers, each state uses one of three systems (an automobile insurance plan, a joint underwriting association or a reinsurance facility) to guarantee the availability of automobile insurance.

Aviation Insurance: Insurance pertaining to aircraft, including coverage of aircraft or their contents, the owner's liability or accident insurance on the passengers.

Boiler and Machinery Insurance: Coverage for loss arising out of the operation of pressure, mechanical and electrical equipment. It covers loss of the boiler and machinery itself, damage to other property, and business interruption losses.

Broker: A marketing specialist who represents buyers of property and liability insurance and who deals with either agents or companies in arranging for the coverage required by the customer.

Burglary: Breaking and entering into another person's property with felonious intent.

Burglary and Theft Insurance: Coverage against property losses due to burglary, robbery or larceny.

Business Interruption Insurance: Protection for a business owner against losses resulting from a temporary shutdown because of fire or other insured peril. The insurance provides reimbursement for lost net profits and necessary continuing expenses.

Catastrophe: In insurance, a term applied to an incident or series of related incidents causing insured property losses totaling more than $5 million.

Claim: A demand to recover under an insurance policy for a loss covered by that policy.

Coinsurance: A provision in an insurance policy under which the insured agrees to carry a certain amount of insurance expressed as a percentage of the value of the property. It provides for the full payment, up to the amount of the policy, of all losses if the insurance carried is at least equal to the specified percentage. If the insured fails to carry the necessary amount of insurance, he or she assumes a proportionate share of the loss.

Collision Insurance: An automobile insurance coverage against damage to the policyholder's vehicle caused by collision with another car or object or by upset.

Combined Ratio: The sum of the ratio of losses incurred to premiums earned and the ratio of commissions and expenses incurred to premiums written.

Commercial Lines: Insurance for businesses, organizations, institutions, governmental agencies or other commercial establishments.

Commercial Multiple Peril Policy: A package type of insurance that includes a wide range of essential coverages for the commercial establishment.

Commissioner: A state officer for administering the state's insurance laws and regulations. In some states, the regulator bears the title of director or superintendent of insurance.

Comprehensive Personal Liability Insurance: Protection for an insured against loss arising out of legal liability to pay money for damage or injury to others for which the insured is responsible. Does not include automobile liability or business operations.

Compulsory Insurance: Any form of insurance which is required by law.

Coverage: The scope of protection provided under a contract of insurance; any of several risks covered by a policy.

Credit Insurance: A guarantee to manufacturers, wholesalers and service organizations that they will be paid for goods shipped or services rendered. Applies to that part of working capital which is represented by accounts receivable.

Crop-Hail Insurance: Protection against damage to growing crops as a result of hail or certain other named perils.

Deductible: An amount which a policyholder agrees to pay, per claim or per accident, toward the total amount of an insured loss. Insurance is written on this basis at reduced rates.

Dividend: (1) An amount returned to a policyholder by an insurance company out of its earnings. (2) In capital stock companies, a share of profits distributed to stockholders.

Earned Premium: The portion of a premium which is the property of an insurance company, based on the expired portion of the policy period.

Earthquake: A trembling or shaking of the earth, often resulting in severe damage.

Economic Loss: The estimated total cost, both insured and uninsured, of mishaps (such as motor vehicle accidents, work accidents and fires). Includes such factors as property damage; medical, hospital and legal costs; funeral expenses; wage loss, and insurance administrative costs.

Embezzlement: Fraudulent use or taking of another's property or money which has been entrusted to one's care.

Extended Coverage Insurance: Protection for the insured against property damage caused by windstorm, hail, smoke, explosion, riot, riot attending a strike, civil commotion, vehicle and aircraft. This is provided in conjunction with the fire insurance policy and the various "package" policies.

FAIR Plan: A facility, operating under a government-insurance industry cooperative program, to make fire insurance and other forms of property insurance readily available to persons who have difficulty obtaining such coverage.

Farmowners-Ranchowners Policy: A package policy for a farm or a ranch, providing property and liability coverages against both personal and business losses.

Federal Crime Insurance: Insurance against burglary, larceny and robbery losses offered by the federal government where the Federal Insurance Administration has determined that an insurance availability problem exists.

Fidelity Bond: A form of protection which reimburses an employer for losses caused by dishonest or fraudulent acts of employees.

Financial Responsibility Law: A state law under which a person involved in an automobile accident may be required to furnish security up to certain minimum dollar limits.

Fire Insurance: Coverage for losses caused by fire and lightning, plus resultant damage caused by smoke and water.

Flood Insurance: Coverage against loss resulting from the flood peril.

General Liability Insurance: Coverage that pertains, for the most part, to claims arising out of the insured's liability for injuries or damage caused by ownership of property, manufacturing operations, contracting operations, sale or distribution of products, and the operation of elevators and the like, as well as professional services.

Glass Insurance: Protection for loss of or damage to glass and its appurtenances.

Group Insurance: Any insurance plan under which a number of persons and their dependents are insured under a single policy, issued to their employer or to an association with which they are affiliated.

Guaranty Fund: A fund, derived from assessments against solvent insurance companies, to absorb losses of claimants against involvent companies.

Health Insurance: Insurance against financial losses resulting from sickness or accidental bodily injury.

Homeowners Policy: A package type of insurance providing home owners with a broad range of property and liability coverages.

Hurricane: A tropical storm with a wind velocity of 75 or more miles an hour.

Inland Marine Insurance: A broad form of insurance, generally covering articles that may be transported from one place to another as well as bridges, tunnels and other instrumentalities of transportation and communication. It includes goods in transit (generally excepting trans-ocean) as well as numerous "floater" policies such as those covering personal effects, personal property, jewelry, furs, fine arts and others.

Insurance Company: An organization chartered to operate as an insurer.

Insured: Person or organization covered by an insurance policy, including the "named insured" and any other parties for whom protection is provided under the policy terms.

Investment Income: The portion of a company's income which is derived from its investments, including interest and dividends on stock and bonds.

Joint Underwriting Association: One of several types of "shared market" mechanisms used to make automobile insurance available to persons who are unable to obtain such insurance in the regular market.

Larceny-Theft: The unlawful taking, carrying, leading or riding away of another person's property.

Liability: Any legally enforceable obligation.

Liability Limits: The stipulated sum or sums beyond which an insurance company is not liable to protect the insured.

Loss: The basis on which an insurance claim is submitted and/or paid.

Malpractice Insurance: Coverage for a professional practitioner, such as a doctor or a lawyer, against liability claims resulting from alleged malpractice in the performance of the insured's services.

Marine Insurance: A form of insurance primarily concerned with instruments of transportation and communication, and with goods in transit. See also Inland Marine Insurance and Ocean Marine Insurance.

Medical Payments Insurance: A coverage, available in various liability insurance policies, in which the insurer agrees to reimburse the insured and others, without regard for the insured's liability, for medical or funeral expenses incurred as the result of bodily injury or death by accident under specified conditions.

Net Underwriting Profit or Loss: Statutory underwriting profit less (or loss plus) dividends to policyholders.

No-fault Automobile Insurance: A form of insurance by which a person's financial losses resulting from an automobile accident, such as medical and hospital expenses and loss of income, are paid by his or her own insurer regardless of who was at fault.

Ocean Marine Insurance: Coverage for sea-going vessels, including liabilities connected with them, and their cargoes.

Package Policy: A single insurance policy that includes several coverages.

Peril: The cause of a loss insured against in a policy.

Personal Lines: Those types of insurance, such as auto or home insurance, for individuals or families rather than for businesses or organizations.

Policy: A contract of insurance:

Policyholder: A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.

Policyholder's Surplus: Sum left after liabilities are deducted from assets. Sums such as paid-in capital and special voluntary reserves are also included in this term. This surplus is an additional financial protection to policyholders in the event a company suffers unexpected or catastrophic losses. In effect, it is the financial base that permits a company to sell insurance.

Pool: An organization of insurers or reinsurers through which particular types of risk are underwritten with premiums, losses and expenses shared in agreed-upon amounts.

Premium: The sum paid for an insurance policy. *Net premiums written* represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured. *Direct written premiums* are the amounts actually paid by policyholders.

Premium Tax: A tax, imposed by each state, on gross income of insurers doing business in a state.

Product Liability Insurance: Protection against financial loss arising out of the legal liability incurred by a manufacturer, merchant or distributor because of injury or damage resulting from the use of a covered product.

Rate: The pricing factor upon which the insurance buyer's premium is based.

Regulation: Supervision of business practices by a governmental entity.

Reinsurance: Assumption by one insurance company of all or part of a risk undertaken by another insurance company.

Reserve: (1) An amount representing actual or potential liabilities kept by an insurer to cover obligations to policyholders. (2) An amount allocated for a special purpose. Note that a reserve is usually a liability and not an extra fund. On occasion a reserve may be an asset, such as a reserve for taxes not yet due.

Risk: The chance of loss. Also used to refer to the insured or to property covered by a policy.

Robbery: The taking of property from a person by force or by threat of violence.

State Fund: A fund set up by a state government to provide insurance. Some statutes permit, others exclude, competition by private insurers.

Statutory Underwriting Profit or Loss: Premiums earned less losses and expenses.

Surety Bond: An agreement providing for monetary compensation in the event of a failure to perform specified acts within a stated period. The surety company, for example, becomes responsible for fulfillment of a contract if the contractor defaults.

Surplus Lines: (1) A risk or a part of a risk for which there is no normal insurance market available. (2) Insurance written by non-admitted insurance companies.

Tornado: A whirling wind, accompanied by a funnel-shaped cloud, very violent and destructive in a narrow path, often for many miles over the land.

Tort: A wrongful act, resulting in injury or damage, on which a civil action may be based. Does not apply to a breach of contract.

Umbrella Liability: Covers losses in excess of amounts covered by other liability insurance policies; also protects the insured in many situations not covered by the usual liability policies.

Underwriting: The process of selecting risks for insurance and determining in what amounts and on what terms the insurance company will accept the risk.

Underwriting Profit or Loss: The amount of money which an insurance company gains or loses as a result of its underwriting operations. A net gain or loss on underwriting operations represents a company's statutory underwriting profit less (or loss plus) any amount it may pay to its policyholders in the form of dividends.

Unearned Premium: The portion of a premium that a company has collected but has yet to earn because the policy still has unexpired time to run.

Uninsured Motorist Protection: A form of insurance which covers the policyholder and family members if injured by a hit-and-run motorist or a driver who carries no liability insurance, assuming the other driver is at fault.

Workers' Compensation Insurance: A method of providing for the cost of medical care and weekly payments to injured employees or to dependents of those killed in industry, regardless of blame.

Insurance and Service Organizations

The following are among the national organizations of or supported by insurance companies, or whose activities are closely related to insurance. National and state organizations which subscribe to the services of the Insurance Information Institute are identified by an asterisk(*).

Alliance of American Insurers, Franklin W. Nutter, president, 1501 Woodfield Rd., Suite 400 West, Schaumburg, Ill. 60195-4980. Tel. 312-490-8500. Trade association to facilitate cooperation among fire and casualty insurance companies in matters of concern to them and their policyholders.

All-Industry Research Advisory Council, Donald W. Segraves, executive director, 1200 Harger Rd., Suite 222, Oakbrook, Ill. 60521. Tel. 312-920-1177. Provides the public and the insurance industry with timely research information relevant to public policy issues affecting risk and insurance.

American Association of Insurance Services, Melvin H. DeYoung, president, 1035 S. York Rd., Bensenville, Ill. 60106. Tel. 312-595-3225. Rating, statistical and advisory organization for personal and commercial lines of insurance with membership composed principally of small and medium size companies.

American Council of Life Insurance, Richard S. Schweiker, president, 1850 K St., N.W., Washington, D.C. 20006. Tel. 202-862-4000. Trade association responsible for the public relations, government, legislative and research aspects of the life insurance business.

***American Institute of Marine Underwriters**, Ward L. Mauck, president, 14 Wall St., New York, N.Y. 10005. Tel. 212-233-0550. Provides information of interest to marine underwriters, and promotes the interest of those underwriters.

American Institute for Property and Liability Underwriters, Inc., Edwin S. Overman, Ph.D., CPCU, president, 720 Providence Rd., Malvern, Pa. 19355-0770. Tel. 215-644-2100. Developed the Chartered Property Casualty Underwriter (CPCU) professional designation program and administers national CPCU examinations.

American Insurance Association, T. Lawrence Jones, president, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Trade and service organization of the property and casualty insurance industry; provides a forum for the discussion of problems; provides safety, promotional and legislative services.

American Insurance Services Group, Inc., Lawrence M. Zippin, president, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Wholly owned subsidiary of the American Insurance Association, administers five industry service organizations, the Index System, Property Insurance Loss Register, Premium Audit Advisory Service, Property Claim Services and Engineering & Safety Service.

***American Nuclear Insurers**, Burt C. Proom, president, The Exchange, Suite 245, 270 Farmington Ave., Farmington, Conn. 06032. Tel. 203-677-7305. A nonprofit unincorporated association through which liability and property insurance protection is provided against hazards arising out of nuclear reactor installations and their operations.

American Prepaid Legal Services Institute, Alec M. Schwartz, executive director, 750 North Lake Shore Drive, Chicago, Ill. 60611. Tel. 312-988-5751. National membership organization to provide information and technical assistance to lawyers, insurance companies, administrators, marketers and consumers regarding group and prepaid legal service plans.

***Association of Fire and Casualty Companies in Texas**, Harold E. Smith, AFACT, executive manager, c/o Employers Casualty Co., Box 2759, Dallas, Texas 75221. Tel. 214-760-6100. Represents domestic Texas property and liability insurance companies in seeking to broaden consumer knowledge of insurance and in supporting legislation to improve the insurance business.

***Automobile Insurance Plans Service Office**, John J. Corbley, president, 302 Central Ave., Johnston, R.I. 02919. Tel. 401-946-2310. Develops and files rates and provides other services for automobile insurance plans nationwide.

Casualty Actuarial Society, C. K. Khury, president, One Penn Plaza, New York, N.Y. 10119. Tel. 212-560-1018(9). Promotes actuarial and statistical science in all insurance fields except life.

College of Insurance, Linda H. Lamel, president and chief executive, 1 Insurance Plaza, 101 Murray St., New York, N.Y. 10007. Tel. 212-962-4111. Insurance industry-supported college providing a complete curriculum leading to bachelor's and master's degrees in business administration and a bachelor of science degree in actuarial science.

Conference of Insurance Legislators, Charles Davis, executive director, P.O. Box 217, Brookfield, Wis. 53005. Tel. 414-782-6669. Organization of chairmen of state legislative committees concerned with insurance-related matters.

Crop-Hail Insurance Actuarial Association. Lloyd W. Lindstrom, manager, 209 W. Jackson Blvd., Chicago, Ill. 60606. Tel. 312-922-7722. Rating and research organization and statistical agent for crop-hail insurance and rain insurance on public events, business ventures, and private proceedings.

Crop Insurance Research Bureau, Larry L. Forrester, general manager, 3707 Woodview Trace, Box 68700, Indianapolis, Ind. 46268. Tel. 317-875-5250. Crop insurance trade organization administering the public relations, research and government relations programs of its member companies.

Defense Research Institute, Inc., Louis L. Potter, executive director, 750 North Lake Shore Drive, Suite 5000, Chicago, Ill. 60611. Tel. 312-944-0575. Service organization to improve the administration of justice and improve the skills of defense lawyers.

Federal Insurance Administration, Jeffrey S. Bragg, Federal Insurance Administrator, 500 C St., S.W., Washington, D.C. 20472. Tel. 202-646-2781. Administers the federal flood insurance and crime insurance programs.

***Fire Prevention and Engineering Bureau of Texas,** Richard E. Comstock, manager, 1900 Pacific Building, Suite 720, Dallas, Tex. 75201. Tel. 214-969-0330. Performs risk inspections, prepares underwriting reports, inspects fire defenses of Texas cities for members and subscribers.

Foreign Credit Insurance Association, John Hanson, president, 40 Rector St., 11th Floor, New York, N.Y. 10016. Tel. 212-306-5000. Offers credit insurance facilities for U.S. exporters through cooperation of the insurance business and the Export-Import Bank of Washington.

Health Insurance Association of America, James L. Moorefield, president, 1750 K St., N.W., Suite 600, Washington, D.C. 20006. Tel. 202-331-1336. Central source of health insurance information for the public on behalf of insurance companies; monitors public attitudes and reactions to health insurance developments.

Health Insurance Association of America, Public Relations Division, Kenneth W. White, vice president, 1850 K St., N.W., Washington, D.C. 20006. Tel. 202-862-4124.

Highway Loss Data Institute, Brian O'Neill, president, Watergate Six Hundred, Suite 300, Washington, D.C. 20037. Tel. 202-333-6200. Nonprofit organization to gather, process and provide the public with insurance data concerned with human and economic losses resulting from highway accidents.

IIR/ACORD, Joseph F. Quinn, president, One North Broadway, White Plains, N.Y. 10601. Tel. 914-682-0800. An industry-sponsored institute serving as the focal point for improving the processing of insurance transactions through the insurance agency system.

ISO Commercial Risk Services, Inc., B. Joseph Shelley, president, 2 Sylvan Way, Parsippany, N.J. 07054. Tel. 201-267-0359. A wholly-owned subsidiary of Insurance Services Office, Inc., providing individual property survey and rating information to the property/casualty industry.

ISO Telecommunications, Inc. Dominick R. Cortellessa, president, 160 Water St., New York, N.Y. 10038. Tel. 212-487-5000. A wholly-owned subsidiary of Insurance Services Office, Inc., established to telecommunicate ISO products and services to ISO-participating insurers.

Independent Insurance Agents of America, Inc., Jeffrey M. Yates, executive vice president, 100 Church St., New York, N.Y. 10007. Tel. 212-285-4250. Trade association of independent insurance agents.

***Inland Marine Underwriters Association,** Ward L. Mauck, president, 14 Wall St., New York, N.Y. 10005. Tel. 212-233-7958. Forum for discussion of problems of common concern to inland marine insurers; makes recommendations dealing with forms and legislation.

Institute for Civil Justice, Gustave H. Shubert, director, 1700 Main St., Santa Monica, Cal. 90406. Tel. 213-393-0411. Organization formed within the Rand Corporation to perform independent, objective research and analysis concerning the civil justice system.

Insurance Accounting and Systems Association, Elaine Powell, secretary-treasurer, P.O. Box 3857, Durham, N.C. 27707. Tel. 919-683-2356. An international organization to promote the study, research and development of modern techniques in insurance accounting and statistics.

***Insurance Arbitration Forums,** Bernard L. Hines, Jr., president, Talleyrand I, 200 White Plains Rd., Tarrytown, N.Y. 10591-0066. Tel. 914-332-4770. Industry-supported non-profit organization to arbitrate intercompany disputes.

***Insurance Committee for Arson Control,** Rick L. Hammond, executive director, 1501 Woodfield Rd., Suite 400 W, Schaumburg, Ill. 60195-4980. Tel. 312-490-8670. All-industry coalition; serves as a catalyst for the insurance industry's overall anti-arson efforts and a liaison with government agencies and other groups devoted to arson control.

***Insurance Crime Prevention Institute,** Wendall C. Harness, director, 15 Franklin St., Westport, Conn. 06880. Tel. 203-226-6347. Serves property and casualty insurers in the investigation of fraudulent insurance claims, other than accident, health and workers' compensation.

***Insurance Fund Foundation,** Emily Davis, president, 1218 Third Ave., Seattle, Wash. 98101. Tel. 206-624-3927. Provides educational programs and materials to teachers, students and the general public.

Insurance Information Institute, Mechlin D. Moore, president, 110 William St., New York, N.Y. 10038. Tel. 212-669-9200. An educational, fact-finding and communications organization for all lines of insurance except life and health insurance. It is supported by some 300 insurance companies and provides services on a subscribership basis to many major industry organizations.

Insurance Institute for Highway Safety, Brian O'Neill, president, Watergate Six Hundred, Suite 300, Washington, D.C. 20037. Tel. 202-333-0770. Traffic safety organization supported by automobile insurers.

Insurance Institute of America, Inc., Edwin S. Overman, Ph.D., CPCU, president, 720 Providence Rd., Malvern, Pa. 19355-0770. Tel. 215-644-2100. Provides educational opportunities in property and liability insurance and related fields; provides standards for measurement of achievement through the administration of national examinations.

Insurance Library Association of Boston, Maurice H. Saval, president, 156 State St., Boston, Mass. 02109. Tel. 617-227-2087. A nonprofit, independent membership library serving the research and education interests of all branches of the insurance industry.

***Insurance Services Office, Inc.**, Daniel J. McNamara, president, 160 Water St., New York, N.Y. 10038. Tel. 212-487-5000. Provides a wide range of advisory, rating, actuarial, statistical and other services relating to property and casualty insurance, including the development of policy forms, rates, premiums and related services for monoline and multiple line coverages. Offers services, including research studies, to insurers or other persons or organizations.

Insurance Value Added Network Services, John W. Folk, president, One North Broadway, White Plains, N.Y. 10601. Tel. 914-684-0343. An industry-sponsored organization offering a value added data communications network linking agencies, companies and providers of data to the insurance industry.

***International Insurance Advisory Council**, Gordon J. Cloney, director, 1511 K St., N.W., Washington, D.C. 20062. Tel. 202-463-5480. Speaks for and coordinates the international non-commercial activities of U.S. insurance and reinsurance companies.

***Kansas Association of Property and Casualty Insurance Companies**, L.M. Cornish, secretary-treasurer, P.O. Box 1280, Topeka, Kan. 66601. Tel. 913-232-0545. Organization representing 17 domestic insurance companies in Kansas.

Kansas Insurance Education Foundation, Homer H. Cowan, Jr., chairman of the board of trustees, P.O. Box 1280, Topeka, Kan. 66601. Tel. 913-232-0545. Non-profit corporation devoted to promotion and encouragement of insurance education in Kansas: Develops teaching aids, supports insurance education at the university level and prepares and distributes consumer information.

LOMA (Life Office Management Association), Lynn Merritt, president, 5770 Powers Ferry Rd., Atlanta, Ga. 30327. Tel. 404-892-7272. Worldwide association of insurance companies specializing in research and education, with a primary focus on home office management.

***Metropolitan Chicago Loss Bureau**, Don Mershon, manager, 343 S. Dearborn, Suite 1400, Chicago, Ill. 60604. Tel. 312-322-2500. Assists insurance companies with property claims adjustment and arson and fraud claims investigation.

National Association of Casualty and Surety Agents, Bruce T. Wallace, executive vice president, 5454 Wisconsin Ave., Suite 1625, Chevy Chase, Md. 20815. Tel. 301-986-4166. A trade organization dedicated to safeguarding the public interest, preserving a competitive market, and working with others for the good of the insurance business and the public.

National Association of Casualty and Surety Executives, Lawrence M. Zippin, executive secretary, 85 John St., New York, N.Y. 10038. Tel. 212-669-0400. Organization to provide insurance companies and agents with a forum for discussion of industry problems relating to the public's interest.

National Association of Health Underwriters, William F. Flood, executive vice president, 1700 Pennsylvania Ave., N.W., Suite 595, Washington, D.C. 20006. Tel. 202-638-0455. Professional association of persons engaged in the sale and service of disability income and hospitalization and major medical health insurance.

National Association of Independent Insurers, Lowell R. Beck, president, 2600 River Rd., Des Plaines, Ill. 60018. Tel. 312-297-7800. Trade association of fire, casualty and surety insurers.

National Association of Insurance Brokers, Inc., David F. Lambert, III, executive director, 1401 New York Ave., N.W., Suite 720, Washington, D.C. 20005. Tel. 202-628-6700. Trade association of commercial insurance brokers.

National Association of Insurance Commissioners, John R. Gilfillan, acting staff director, 1125 Grand Ave., Kansas City, Mo. 64106. Tel. 816-842-3600. Organization of state insurance commissioners to promote uniformity in state supervision of insurance matters, and to recommend legislation in the various state legislatures.

National Association of Insurance Women, Mary Lynn Claiborne, executive director, 1847 E. 15th St., P.O. Box 4410, Tulsa, Okla. 74104. Tel. 918-744-5195, Fosters educational programs for members. Promotes public safety and service programs.

National Association of Mutual Insurance Companies, Harold H. Walters, president, 3707 Woodview Trace, P.O. Box 68700, Indianapolis, Ind. 46268. Tel. 317-875-5250. Trade association of property and casualty mutual insurance companies.

National Association of Professional Surplus Lines Offices, Ltd., J. Dale Bohm, executive director, P.O. Box 1507, Roswell, Ga. 30077. Tel. 404-998-9075. Professional association of wholesale brokers, excess and surplus lines companies, affiliates and supporting members.

National Association of Surety Bond Producers, Bruce T. Wallace, executive vice president, 5454 Wisconsin Ave., Suite 1625, Chevy Chase, Md. 20815. Tel. 301-986-4166. Trade association of surety bond producers.

National Automobile Theft Bureau, Paul W. Gilliland, president, 10330 S. Roberts Rd. 3A, Palos Hills, Ill. 60465. Tel. 312-430-2430. Conducts stolen vehicle recovery and auto theft prevention activities on behalf of the insurance industry.

National Committee on Insurance Guaranty Funds, Richard J. Marcus, executive secretary, 1501 Woodfield Rd., Suite 400 West, Schaumburg, Ill. 60195-4980. Tel. 312-490-8526. Advisory organization to the state guaranty fund boards; gathers and disseminates information regarding insurer insolvencies.

***National Committee on Property Insurance**, Eugene L. Lecomte, president, 10 Winthrop Sq., Boston, Mass. 02110. Tel. 617-423-4620. Provides advice and assistance to insurers writing property coverages in distressed or residual insurance markets.

***National Council on Compensation Insurance**, Kevin M. Ryan, president, One Penn Plaza, New York, N.Y. 10119. Tel. 212-560-1000. Develops and administers rating plans and systems for workers' compensation insurance.

***National Crop Insurance Association**, George A. Bender, executive vice president/general manager, 2860 S. Circle Dr., South Building, Suite 322, Colorado Springs, Colo. 80906. Tel. 303-576-5111. National trade association of insurance companies writing hail, fire and other weather perils to growing crops.

National Fire Protection Association, Robert W. Grant, president, Batterymarch Park, Quincy, Mass. 02269. Tel. 617-770-3000. Independent, nonprofit source of technical and educational information on fire protection, prevention and suppression; develops and publishes consensus fire safety standards; sponsors national Learn Not to Burn campaign.

National Safety Council, T. C. Gilchrest, president, 444 N. Michigan Ave., Chicago, Ill. 60611. Tel. 312-527-4800. Provides national support and leadership in the field of safety; publishes safety materials of all kinds; conducts a public information and publicity program in support of safety.

***New York Cooperative Insurance Association**, Kurt J. English, CPCU, CLU, president, 401 S. Main St., North Syracuse, N.Y. 13212. Tel. 315-458-7702. A trade association representing 75 mutual property/casualty insurance companies providing insurance for homes, businesses and farmers.

***New York Insurance Exchange**, Donald E. Reutershan, president and chief executive officer, 59 John St., New York, N.Y. 10038. Tel. 212-618-9200. A marketplace established to write reinsurance of all kinds and direct insurance on risks located outside the United States, as well as on domestic risks which have been rejected in the New York Free Trade Zone.

Overseas Private Investment Corporation, Craig A. Nalen, president, 1129 20th St., N.W., Washington, D.C. 20527. Tel. 202-653-2920. Self-sustaining U.S. government agency providing political risk insurance and finance services for U.S. investment in developing countries.

***Pennsylvania FAIR Plan**, Donald F. Hunter, general manager, Mall Building, Suite 600, 325 Chestnut St., Philadelphia, Pa. 19106. Tel. 215-629-8800. Provides insurance for property owners in Pennsylvania having difficulty getting property coverages through traditional channels.

Pollution Liability Insurance Association, Michael O'Connell, manager, One East Wacker Dr., Suite 3720, Chicago, Ill. 60601. Tel. 312-467-0003. Organization to promote the availability of pollution and hazardous waste insurance coverages for businesses.

Professional Insurance Agents, Donald K. Gardiner, executive vice president, 400 N. Washington St., Alexandria, Va. 22314. Tel. 703-836-9340. Trade association of independent insurance agents.

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